Annual Report
1985

Public Utilities Board
Alberta

Public Utilities Board

Alberta

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Edmonton, Alberta T5J 2Y2

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March 20, 1986

The Honourable Donald Getty
President of the Executive
Council of Alberta
Legislature Building
EDMONTON, Alberta

ANNUAL REPORT

Dear Sir:

We have the honour to submit herewith the Annual Report of the Public Utilities Board for the year 1985.

In addition to providing the information which is required by statute, this Report provides a brief description of the Board and its responsibilities and highlights significant activities and developments which occurred during 1985.

Yours respectfully,

A.O. Ackroyd

Ammon O. Ackroyd - Chairman

G. Chelmick - Vice-Chairman

T. Donald Hetherington - Member

A. Jah - Member

R. W. Paisley - Member

A. Calista Barfett - Member

N. W. MacDonald - Member

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Purpose and Authorization

The purpose of this Report is to comply with Section 27 of the Public Utilities Board Act, which requires the Board to transmit to the President of the Executive Council, a Report as to the applications dealt with and a summary of the findings of the Board, and as to the number and nature of the Inquiries the Board has held on its own motion.

In addition to the material required by Statute, this Report contains other information, tables and statistics dealing with the Board's activities which the Board believes will be of interest to readers of the Report.

The Board

The Legislature of the Province of Alberta first created a Board of Public Utility Commissioners by Statute in 1915, and the Statute as at December 31, 1985, the Public Utilities Board Act (RSA 1980, c.P-37), delineates the present Board's jurisdiction. In dealing with matters which the Legislature has assigned to it, the Board has been granted the same status as the Alberta Court of Queen's Bench.

The Board's Decisions and Orders may, with leave, be appealed to the Alberta Court of Appeal (and subsequently, with leave, to the Supreme Court of Canada) on questions of law or jurisdiction. With respect to its quasi-judicial duties, the Board takes its directions from the Alberta Statutes and from the Alberta Government Orders-in-Council.

The Members

The Public Utilities Board Act provides for the appointment, by the Lieutenant Governor in Council, of such number of members, for such terms of office as may be considered appropriate.

Board Member James E. Campbell resigned from the Board effective June 30, 1985 after serving as a member of the Board since May 6, 1980.

On February 6, 1986 George Chelmick was appointed effective March 1, 1986 as vice-chairman of the Board. Mr. Chelmick has served as a member of the Board since March 1, 1977.

At year-end the membership of the Board consisted of the following seven Members:

Ammon O. Ackroyd - Chairman

George Chelmick	T. Donald Hetherington
Anwar Jah	Ross W. Paisley
A. Calista Barfett	Neil W. MacDonald

The Public Utilities Board Act provides that the Lieutenant Governor in Council may nominate persons from among whom Acting Members of the Board may be named by the Chairman for any period of time or during any circumstances or for the purpose of any matter before the Board.

At year-end, the following six persons were available to be named by the Chairman:

S. M. Barnett	D. J. Sheridan
E. E. Bishop	J. Eugene Sekora
K. J. Boyd	Blaine O. Archibald

The Staff

At year-end the Board had 52 authorized staff positions, divided into the Administrative Services Division and the Technical Services Division. The Administrative Services Division is responsible for regulatory administrative duties assigned to the Board's Secretary by Statute, and for general administrative matters. The Technical Services Division provides technical support to the Board, primarily in the fields of accounting, engineering, economics and law. The Board's Secretary and Executive Director is W. Paterson.

Offices

The Board's offices are located in:

Edmonton	Calgary
11th Floor 10055 - 106 Street Edmonton, Alberta T5J 2Y2	10th Floor Energy Resources Building 640 - 5th Avenue S.W. Calgary, Alberta T2P 0M6
(Phone 427-4901) (Area Code 403)	(Phone 297-6306) (Area Code 403)

Financing

With respect to budgetary and administrative matters, the Board reports to the Lieutenant Governor in Council through the Attorney General. The Public Utilities Board Act states that the Board's expenses shall be paid from the Province's General Revenue Fund. For this purpose, the Board operates on a fiscal year beginning on April 1 and ending on March 31 and submits a yearly budget for approval by the Alberta Legislature. As of December 31, 1985, the Board was within its total budget and did not expect any over-run at fiscal year-end, as shown by the table following this Section.

The Board cannot forecast precisely the nature and extent of its regulatory activity in any year as it must respond promptly to all applications received. Therefore, it is difficult to accurately forecast expenditures in the area of Supplies and Services, since these expenses are affected by the number, type, length and complexity of the public hearings the Board must convene.

	Expenditure Control Group	1984/85 Budget	1984/85 Expenditures (Actual)	1985/86 Budget	1985/86* Expenditures (Forecast)
1.	Manpower	$2,445,288	$2,209,842	$2,555,930	$2,290,000
2.	Supplies & Services	943,000	326,169	610,500	325,000
3.	Fixed Assets	54,900	54,379	170,000	170,000
	TOTAL	$3,443,188	$2,590,390	$3,336,430	$2,785,000

* These amounts reflect actual expenditures for the period April 1, 1985 to December 31, 1985 plus estimated expenditures for the period January 1, 1986 to March 31, 1986.

RESPONSIBILITIES

Public Utility Regulation

All public utilities and gas utilities, as defined in the Statutes, are subject to Board regulation. Municipally owned utilities are outside of the Board's jurisdiction (except as to specific complaints with respect to their rates) unless the Municipality passes a by-law submitting its utility to the control and orders of the Board. Rural Electrification Associations are subject to Board control only when agreement cannot be reached with respect to the selling price of their assets upon dissolution. Gas co-operatives are not subject to Board regulation, except (like municipally owned utilities) for specific complaints with respect to their rates. The net result is that, with these exceptions, all telecommunications, electric, water and gas utilities within the Province as defined in the Statutes are subject to the jurisdiction of the Board.

The Alberta Legislature has given the Board quasi-judicial powers, but has also provided by Statute that the Board's hearings shall be public, and that the Board shall be subject to the Administrative Procedures Act which, amongst other things, requires that the Board give written reasons for its Decisions. The net result of these legislative provisions is that, although the Board's jurisdiction is absolute in prescribed areas, its operation is open to public scrutiny; its Decisions are written and available to anyone wishing a copy; and its obedience to the law is subject to review in the Courts.

The Board's primary purpose in regulating utilities under its jurisdiction is to ensure that the customers of such regulated utilities receive safe and adequate service at rates which are just and reasonable to both the customers of and investors in those utilities.

As part of the regulatory process, the Board is responsible for reviewing the affairs, earnings and accounts of each owner of a public utility or gas utility within three years of fixing the rates, tolls or charges for such utilities. It is also responsible for exercising "general supervision" over all public utilities and gas utilities and their owners, and ensuring their compliance with the law.

Other Regulatory Functions

Pursuant to more than thirty Alberta Statutes, the Board has been assigned a number of other regulatory responsibilities, most of which are related to public utility regulation. These other duties are briefly described as follows:

(1) When authorized to do so by Order-in-Council, the Board may fix the field price of natural gas, and the prices of propane and butanes used, consumed, or retained within Alberta.

(2) The entering into of franchise agreements, supply contracts and taxation agreements by municipal councils with a public utility or gas utility are subject to the approval of the Board.

(3) The Board hears and resolves complaints with respect to rates imposed by municipally owned utilities and member-owned rural gas co-operative associations when it is alleged that such rates:

  (a) do not conform to the rate structure established by the municipality or member-owned co-operative association; or

  (b) have been improperly imposed; or

  (c) are discriminatory.

(4) The Board hears and determines disputes with respect to the rates charged for utility services provided by one municipality to another municipality.

(5) The Board hears and determines disputes with respect to the payment of compensation when all or a part of the franchise area of a rural gas utility is annexed to a city, town, village or summer village.

(6) The Board hears and resolves complaints with respect to the rates charged by NOVA, AN ALBERTA CORPORATION with respect to the transportation of gas within Alberta.

(7) The Board sits as an appellate tribunal with respect to determinations of the "Alberta Cost of Service" made by the Alberta Petroleum Marketing Commission with respect to the transportation of gas within Alberta.

(8) The Board sits as an appellate tribunal with respect to disputes over determinations of transportation costs for natural gas made by the Director of Rebates of the Department of Utilities.

(9) The Board sits as an appellate tribunal with respect to disputes over service area boundary decisions made by the Chief Officer as defined in the Rural Gas Act.

(10) The Board performs compensation fixing duties with respect to matters such as the sale of Rural Electrification Association assets and when directed by the Lieutenant Governor in Council, with respect to air pollution damage claims, water pollution damage claims, and environment damage claims.

(11) The Board prescribes the minimum prices for fluid milk to be charged by producers, processors, distributors, and sellers.

(12) The Board sets the price or the pricing formula, in respect of each consumer group, at which owners of public utilities sell electric energy to the Electric Energy Marketing Agency as required pursuant to the Electric Energy Marketing Act.

(13) If there is a dispute between a regional services commission and a municipality or another regional services commission with respect to rates, tolls, charges or compensation for water, sanitary and storm sewerage or waste management services, or the use of any road, street, square, bridge, subway or watercourse by the regional services commission, the dispute may be submitted to the Board for resolution.

Inquiries

The Lieutenant Governor in Council may, by Order-in-Council, direct the Board to inquire into any matter within its jurisdiction and report thereon. Public hearings are generally held with respect to such inquiries with the result that the Lieutenant Governor in Council receives a report which reflects publicly-tested opinions and well-founded recommendations. The Board may also, on its own motion, inquire into any matter relevant to its regulatory responsibilities.

During 1985, there were no inquiries directed by the Lieutenant Governor in Council and there were no inquiries on the Board's own motion.

Administrative Function

The Board performs a statutory "Administrative Function" under the Natural Gas Rebates Act. In this role, the Board is responsible for the detailed scrutiny and review of all gas supply contracts and customer rates for gas which are the subject of rebate applications, to ensure that the customers receive the full benefit of any rebate paid. Pursuant to the Regulations promulgated under the Natural Gas Rebates Act, the Board issues "Supply Certificates" and "Rates Certificates", which are required before the Director of Rebates can approve an application for Rebate.

The foregoing general outline of the Board's responsibilities provides the framework and introduction for a more specific report on the Board's activities during 1985.

Immediately following is a table which summarizes the Board's regulatory activity during 1985.

The subsequent sections of this Report together with the Appendices provide details and highlights of the Board's activities.

SUMMARY OF REGULATORY ACTIVITY
1985

This table provides some selected statistics which describe the volume of regulatory activity during 1985 in the same categories used in Appendix 1, "Applications to the Board".

		APPLICATIONS CARRIED FORWARD FROM 1984	APPLICATIONS RECEIVED DURING 1985	TOTAL APPLICATIONS TO BE DEALT WITH IN 1985	APPLICATIONS FINALIZED BY BOARD ORDERS OR DECISIONS	APPLICATIONS FINALIZED WITHOUT BOARD ORDERS OR DECISIONS	TOTAL APPLICATIONS FINALIZED IN 1985	APPLICATIONS CARRIED FORWARD TO 1986	DAYS OF FORMAL HEARINGS	DAYS OF IN-OFFICE HEARINGS
1.	Public Utilities, Telecommunications	3	9	12	9	1	10	2	7	0
2.	Public Utilities, Electric	9	20	29	22	3	25	4	29	0
3.	Public Utilities, Water	3	1	4	4	0	4	0	1	0
4.	Gas Utilities, Investor Owned	10	36	46	32	5	37	9	39	3
5.	Gas Utilities, Municipally Owned Under Board Jurisdiction	5	20	25	23	1	24	1	6	0
6.	Utilities not offering utility services to the general public									
6A.	Declarations that the applicant is not an owner of a gas utility or a public utility or that any thing is not a gas utility or a public utility	0	222	222	221	1	222	0	0	32
6B.	Declarations that certain provisions of the Gas Utilities Act and the Public Utilities Board Act are not to apply in respect of the applicant	0	0	0	0	0	0	0	0	0
6C.	Declarations that certain provisions of the Gas Utilities Act and the Public Utilities Board Act are not to apply to certain persons for the purposes of a certain transaction	0	14	14	14	0	14	0	0	10
6D.	Approval to Issue Shares, Stocks or Bonds Payable in More Than One Year From Date of Issue	0	0	0	0	0	0	0	0	0
6E.	Approval to Sell, Lease, Mortgage, Merge or Consolidate Property, Franchises, Privileges or Rights	0	0	0	0	0	0	0	0	0
6F.	Other Matters	0	0	0	0	0	0	0	0	0
7.	Municipalities									
7A.	Special Franchise Agreements (the Municipal Government Act)	11	14	25	24	1	25	0	1	18
7B.	Supply Contracts (the Municipal Government Act)	1	5	6	4	0	4	2	1	4
7C.	Supply and Lighting Agreements (the Improvement Districts Act)	0	0	0	0	0	0	0	0	0
7D.	Complaints (the Municipal Government Act)	1	0	1	1	0	1	0	1	0
7E.	Other Applications	0	0	0	0	0	0	0	0	0
8.	Complaints Under the NOVA, AN ALBERTA CORPORATION Act	0	0	0	0	0	0	0	0	0
9.	Appeals Under the Natural Gas Pricing Agreement Act	10	1	11	4	0	4	7	4	0
10.	Milk Pricing	2	4	6	3	0	3	3	5	0
11.	Other Matters	2	4	6	5	1	6	0	3	0
	Totals	57	350[1]	407	366[2]	13[3]	379	28[4]	97	67

[1] Includes cases where the Board acted on its own motion and matters which were referred back to the Board by the Courts.

[2] In 1985, 396 Orders and Decisions were issued by the Board. This reflects the fact that more than one Order or Decision is often issued in respect of the same application. In 1984 there were 959 Orders and Decisions issued. The lower number of orders issued in 1985, compared to recent years is attributable to the effect of the Utility Statutes Amendment Act, proclaimed July 3, 1985, which virtually eliminated the need for applications for those types of declaration orders described in lines 6 A-E inclusive, above.

[3] Includes applications withdrawn by the applicant.

[4] Some applications reflected have been partially dealt with by Board Orders and Decisions but were not finalized at year-end.

PUBLIC UTILITY REGULATION

All Utilities, General

Utility Customer Energy Consumption

Appendix 3 to this Report includes a tabulation of increases in the average customer bills from the major energy supplying utilities under Board regulation, that is, the major electric utilities and natural gas utilities.

This tabulation assumes that the average residential customer uses 6,000 kilowatt-hours (kWh) of electricity and 227 gigajoules (GJ) (215,000 cubic feet) of natural gas annually. These were close to the actual average customer consumption figures in 1975. The constant consumption per customer is used so that Appendix 3 will reflect only the changes in a customer's bill resulting from Board approved rate changes.

This Report continues to use the same average consumption as used in previous Reports so that meaningful comparisons from year to year can be made. However, the Board is aware of changes in average energy consumption, and notes below some significant statistics.

The average annual consumption since 1970 for residential customers of Alberta Power Limited was as follows:

Year	Consumption kWh	Year	Consumption kWh
1970	4870	1978	6630
1971	5142	1979	6717
1972	5476	1980	6588
1973	5566	1981	6530
1974	5846	1982	7000
1975	6192	1983	6689
1976	6274	1984	6933
1977	6338	1985	7121

This represents an increase of 46% in the average annual consumption of electricity since 1970. Similarly, for TransAlta Utilities Corporation (formerly Calgary Power Ltd.), the average annual consumption figures show an increase in the same period from 4,527 kWh in 1970 to 7,246 kWh in 1985, an increase of 60%.

Turning to the change in the average annual consumption of natural gas, the Canadian Western Natural Gas Company Limited average annual consumption figures in the Calgary area for the years 1970 to 1985 were as follows:

Year	Comsumption GJ	Year	Consumption GJ
1970	223	1978	197
1971	221	1979	189
1972	221	1980	189
1973	219	1981	186
1974	214	1982	184
1975	216	1983	179
1976	213	1984	173
1977	201	1985	166

Average annual consumption decreased approximately 26% over this period.

The average annual consumption for Northwestern Utilities Limited in the Edmonton area showed a similar decrease from 227 GJ in 1970 to 163 GJ in 1985.

If the Tables in Appendix 3 reflected these changing average annual consumptions rather than the assumed constant average annual consumptions, the average residential utility bills for gas would be lower than those shown and for electricity they would be higher.

Standards, Regulations and Practices

When a customer accepts natural gas or electricity service from a public utility serving him, he is subject to all the rules and regulations adopted by the utility, and these rules and regulations become a part of the contract between the customer and the utility. The Board's authority in this respect is set forth in Section 81(c) of the Public Utilities Board Act as follows:

> "The Board, either on its own initiative or on the application of a person having an interest, may by order in writing, which shall be made after giving notice to and hearing the parties interested,
>
> (c) fix just and reasonable standards, classifications, regulations, practices, measurements or service which shall be furnished, imposed, observed and followed thereafter by the owner of the public utility;"

The history of public utility service in Alberta has been that many utilities developed standards, regulations and practices independently and as a consequence, there were variations in the standards, regulations and practices imposed by the different utilities. The Board noted these differences and, with the objective of making more uniform the conditions of service throughout the Province, made the setting of standards, regulations and practices an item to be dealt with on each occasion that a utility appeared before it in a general rate application.

A number of matters are dealt with in the rules and regulations, such as guarantee deposits, due date of utility bills, when and under what circumstances a utility may discontinue service, the lack of access to the premises for meter reading, defective meters, disconnection and reconnection fees, the point of delivery of the gas or electricity, and ownership of and the responsibility for repairs to that part of the system on the customer's premises.

The Board's objective in reviewing this subject with the utilities at the time of general rate applications is to assist the utilities, especially the smaller utilities, in having rules and regulations in effect which clearly state the basis on which service is provided. This is to the benefit of both the utility and the customer.

Non-Utility Activities

Until recently the investor owned utilities in Alberta devoted themselves almost exclusively to the provision of utility services to their customers, and their non-utility activities were generally confined to such minor areas as the sale and repair of utility appliances and the provision of minor construction work for customers ancillary to utility service. However, the trend which became obvious in 1980 and which continues, is for utility companies to expand into fields beyond the provision of utility services. While the regulator is not particularly concerned with such diversification per se, he must be satisfied that such ventures beyond the original purpose of the utility company do not jeopardize the ability of the company to provide safe and adequate utility services at just and reasonable rates and that such non-utility activities are not subsidized by the utility customers.

In an original cost rate base jurisdiction, as Alberta is, the regulator is not responsible for fixing the profitability for total company operations.

The regulator's responsibility is limited to fixing a fair return for utility operations.

In determining a rate base for the utility property of a regulated company, consideration must be given to whether or not the assets are used or required to be used to provide utility services to the public within the regulator's jurisdiction. The regulator must ensure that only those assets applicable to his jurisdiction are considered in the development of the utility rate base.

The regulator is particularly concerned about managerial decisions which may affect the ability of the company to provide safe and adequate utility service at just and reasonable rates. The decision to enter into non-utility activities and to make non-rate base investments is particularly scrutinized as to the effect such activities and investments have on the ability of the utility company to attract necessary capital at reasonable cost rates in order to meet its obligations to provide utility services.

Interventions and Costs

The Board's jurisdiction with respect to costs is found in Section 60 of the Public Utilities Board Act:

"60(1) The costs of and incidental to any proceeding before the Board, except as otherwise provided in this Act, are in the discretion of the Board, and may be fixed in any case at a sum certain or may be taxed.

(2) The Board may order by whom and to whom any costs are to be paid, and by whom the same are to be taxed and allowed.

(3) The Board may prescribe a scale under which such costs are to be taxed.

(4) The Board may, with the approval of the Lieutenant Governor in Council, prescribe the fees to be paid by local authorities or persons interested in the matters that come before the Board."

This section gives the Board the authority to award costs to intervenors and to permit the recovery of such costs in the rates charged to the customers of the utility. It follows that the justification for awarding such costs should be found in the benefit received by the customers, who are paying those costs through the rates. The Board, therefore, continues to be governed by the principle referred to in previous Annual Reports and in Board Orders dealing with this subject:

> "Costs will be awarded against an Applicant and allowed to be recovered from customers through the rates only if the interventions have been effective in testing the Applicant's case to the benefit of all customers and such costs have been reasonably and necessarily incurred."

The Board welcomes and encourages effective intervention. It is not, however, adequate for a party to come before the Board or write to the Board and merely state that the party is opposed to an increase in rates.

Parties who have a legitimate interest in any proceeding are entitled to intervene by coming forward on their own initiative, either as individuals or organized groups, to attend, to be heard and to take part in the proceeding before the Board makes its Decision.

To be of assistance to the Board, an intervenor must be prepared to conduct a knowledgeable examination of the utility's evidence to suggest areas of the utility's operations where short term and/or long term savings may be implemented to the benefit of all concerned. This may require the preparation and presentation of logical and sound direct evidence. The services of legal counsel and/or of consultants or other knowledgeable persons may, but need not necessarily, be required to assist in effective intervention.

In order to minimize costs incidental to interventions, the Board encourages joint interventions if the interests of various intervenors are similar. For example, several municipalities may find it appropriate to combine their efforts and be registered as joint intervenors. The Board may order that the utility company pay the intervenor's reasonable intervention costs. However, there is no guarantee that costs will be awarded. Such award of costs is entirely discretionary with the Board and is based on the Board's judgment of the effectiveness or usefulness of the intervention, the reasonableness of the costs claimed and the benefit derived by all the customers of the utility. The Board cannot allow costs for mere attendance at the hearings unless there has been some solid contribution to the proceedings in the way of relevant evidence, effective cross-examination and/or cogent argument.

Telecommunications Utilities

Alberta Government Telephones
(1983 General Rate Application)

Alberta Government Telephones (AGT) submitted a General Rate Application to the Board on February 1, 1983. Following a hearing of its Application for interim rates, the Board issued Order No. E83060, dated March 15, 1983 approving interim refundable rates to be effective April 1, 1983.

In Decision No. E84083 dated June 15, 1984, respecting AGT's 1983 General Rate Application, the Board determined AGT's revenue requirement to be $939,799,000 and approved a revenue deficiency in the amount of $24 million for the test year 1983.

In Decision No. E85010 dated January 28, 1985 (particulars of which are found in Appendix 1), the Board directed AGT to make certain amendments to its General Regulations and Terms and Conditions of Service respecting Basic Services filed for approval of the Board pursuant to the Board's direction in Decision No. E84083.

In Decision No. E85046 dated April 11, 1985 (details of which are also found in Appendix 1), the Board approved AGT's amended General Regulations and Terms and Conditions of Service revised to reflect the Board's directions in Decision No. E85010.

In Decision No. E85046 the Board also approved, as final, AGT's revised rates, tolls and charges which incorporated a 4.85% across-the-board decrease, with the exception of certain service categories where a rate reduction would not have been practical. This decrease was to be effective the date AGT's combined 1983 and 1984 revenue deficiency, as approved in Decision No. E85046, was collected. In Filing No. 85-68 dated November 13, 1985, AGT advised the Board and the Intervenors registered in the 1983 General Rate Application that the combined 1983 and 1984 approved revenue deficiency had been recovered by August 28, 1985 and that the revised final rates, tolls and charges, as approved in Decision No. E85046 had taken effect the same date.

Alberta Government Telephones
(Alberta-U.S. Directory Assistance Calls)

In Decision No. E85025, dated February 13, 1985, the Board approved an AGT application on an interim basis, for the introduction of a service charge in respect of Alberta-U.S. Directory Assistance calls. The service charge was in the amount of $.50 per call in excess of fifty calls per

month between Alberta and the 48 contiguous states of the U.S.A. and the District of Columbia.

Alberta Government Telephones
(Competitive Terminal Equipment Product Lists and Prices)
In Decision No. E85113, dated October 17, 1985, the Board approved an AGT application to exempt AGT from the requirement to publish its competitive terminal equipment product lists and prices. The Board, as well, extended the exemption to the remainder of the Non-Basic rates. The Board agreed with AGT's argument that the publishing of AGT's terminal equipment list and prices could be harmful or prospectively harmful to AGT and its customers and that the public interest would not suffer if the Application were approved.

Alberta Government Telephones
(Filings)
Filings which require Board approval deal with the deletion of basic services and other changes in rates or regulations associated with most basic services. Filings for acknowledgement deal with the introduction of new basic service offerings, changes in basic rates due to normal station growth, changes in Canada-Overseas Message Toll Rates (basic service) or changes in rates and regulations for non-basic services (until October 17, 1985). Filings for information involve a consolidation of previously approved or acknowledged filings for entry into AGT's tariffs, or miscellaneous information.

In 1985, the Board received 72 filings from AGT. A total of five of these filings required public hearings. Four of the filings involved a restructure of and change in the Canada Alaska Toll Rates, a restructure and rate change for 800 Service, changes to the wording in AGT's General Tariff for Basic Services, and a restructure of and change in the Alberta-Northwest Toll Rate. All of these filings were approved by the Board.

The fifth filing involved the approval of new terms and conditions of service for Automatic Dialing-Announcing Devices (ADADs). Decision No. E85107, dated September 5, 1985, approved new terms and conditions of service. ADADs were defined by AGT to be "... any automatic equipment used for telephone solicitation which incorporates the capability of storing telephone numbers to be called, or a random or sequential number generator capable of producing numbers to be called, and the capability, working alone or in conjunction with other equipment, to convey a pre-worded or synthesised voice message to the telephone number called". The restrictions approved included: the customer is to advise AGT of its intention to connect an ADAD at least 10 days prior to the connection and to provide details of the nature of the use; the ADAD must be certified under AGT's Terminal Attachment Standards; random or sequential dialing is prohibited; the ADAD must disconnect when the called party hangs up; unless previously agreed, the message must commence with a statement identifying the caller, outlining the nature of the call, and indicating that the call can be terminated by hanging up; unless previously agreed, the hours of operation of ADADs are between 9:30 a.m. and 8:00 p.m. Monday through Friday and between 10:30 a.m. and 5:00 p.m. on Saturday with no calls allowed on Sundays and statutory holidays; service may be terminated if network congestion occurs or on three days notice for violation of regulations.

Electric Utilities
General
There are two major privately-owned electric utilities under full Board regulation in Alberta. TransAlta Utilities Corporation (TransAlta) serves approximately 283,300 customers directly and 293,000 indirectly (through wholesale contracts with municipally-owned electric power distribution systems), in the southern and central areas of the province. Alberta Power Limited (Alberta Power) serves approximately 133,500 customers in the northern and eastern areas of the province. Southern Utilities Limited, another privately-owned electric utility, which serves approximately 210 customers in Coutts, Alberta, is also under full Board regulation.

The City of Edmonton (Edmonton Power) owns and operates a fully integrated electric utility serving approximately 230,600 customers within its corporate limits. Since the enactment of the Electric Energy Marketing Act the Board has the responsibility for setting the price at which Edmonton Power sells electric energy to the Alberta Electric Energy Marketing Agency. The Board has no jurisdiction to fix Edmonton Power's customer rates.

In 1985, the Board concluded the Phase II proceedings with respect to the 1984 application of TransAlta for which Board Decision No. E85096 dated July 23, 1985 was issued.

Following are details of some applications which are of special interest either because of the nature of the problem the utility faced or the regulatory treatment given by the Board.

Particulars of the applications and highlights of the resulting orders are summarized in Section 2 of Appendix 1.

TransAlta Utilities Corporation
On April 12, 1985 TransAlta filed a General Rate Application with the Board for a rate increase for the 1985 and 1986 test years. On April 19, 1985 TransAlta filed an application for interim rates for 1985, stating that at rates approved in Decision E85006, a revenue deficiency of $42,107,000 would arise. TransAlta proposed a "rolling in" of the temporary rate rider approved in E85006 (due to expire May 31, 1985) as a means of reducing the deficiency by some $23 million. The interim application was denied by majority decision in Decision E85063 dated June 3, 1985.

Subsequent to the filing of updated material in respect of the General Rate Application, TransAlta sought to recover its revenue deficiency of $45,206,000 in 1985 and $83,604,000 in 1986.

The hearing of Parts 1 and 2 of Phase I of the General Rate Application took place consecutively during the two week period September 3 - September 13, 1985. The issue which received the greatest attention during the hearing was that of excess capacity on the Alberta Interconnected System in 1986 and how the costs of such capacity might equitably be shared between TransAlta's customers and its shareholders. In reaching its decision the Board concluded that the Sheerness No. 1 generating unit was not required for capacity purposes and hence could be considered excess. Furthermore, the Board recognized that Sheerness No. 1, when operated in 1986, disrupted economic dispatch of the provincial generating system by displacing more efficient sources of electric energy generation. In view of this the Board decided to give effect to the sharing of costs between customers and shareholders through a reduction in the rate of return on the common equity portion of the Sheerness No. 1 contribution to rate base in 1986. The reduction amounted to some 360 basis points from the approved return on deemed equity of 14.75%, which in dollar terms, including tax effect, amounted to some $3.5 million.

Decision E85129, dated November 25, 1985, approved Revenue Requirements of $833,794,000 and $907,673,000 for 1985 and 1986

respectively. Based on rates approved in E85006, the corresponding revenue deficiencies were $8,843,000 for 1985 and $53,541,000 (exclusive of the net cost of purchases from the Electric Energy Marketing Agency) for 1986.

On December 10, 1985, TransAlta filed applications for interim rates, final rates and riders, and to increase the 1986 Revenue Requirement by the net cost of purchases from the Agency. The interim hearing and a pre-hearing conference for Phase II have been set for January 3, 1986. A hearing respecting Applicant and Intervenors' costs associated with Phase I has been scheduled for January 14, 1986.

Alberta Power Limited

The Board, considering the current and prospective economic and financial environment, at a special meeting of the Board held November 9, 1984, approved the following resolution with respect to Alberta Power:

> "BE IT RESOLVED:
> That the Board on its own initiative and pursuant to the authority given and the requirements of the Public Utilities Board Act hereby initiates a proceeding for the purpose of fixing just and reasonable rates, tolls or charges or schedules of them to be observed and followed by Alberta Power Limited, during which proceeding the Board will consider all revenues and costs of Alberta Power Limited that are in the Board's opinion applicable to the test period of 1984 through 1985."

Accordingly, the Board initiated a general rate proceeding (the Proceeding) pursuant to Section 81 of the Public Utilities Board Act. A Pre-Hearing Conference was held on December 18, 1984. At the Pre-Hearing Conference the Board heard representations from Alberta Power questioning whether 1984 was an appropriate test year for the Proceeding. By Decision No. E85004 dated January 17, 1985, the Board reconfirmed its position that 1984 and 1985 would be the appropriate test years for the Proceeding. In accordance with the directions of the Board in E85004, Alberta Power filed information of the kind normally filed in support of a general rate application for the 1984 and 1985 test years including actual data for 1982, 1983 and 1984.

Based on the filed evidence, a group of Municipal Intervenors applied to the Board for an interim decrease in rates for Alberta Power on April 29, 1985. The Interim Application was heard on June 11, 1985. The Board issued Order No. E85092 dated July 8, 1985 approving a 4.25% (Rider "J") interim decrease in rates for Alberta Power, effective July 1, 1985.

The hearing of Phase I of the Proceeding took place as follows:

Phase I, Part 1 - Between May 21 and June 10, 1985
Phase I, Part 2 - September 16 and September 19, 1985.

On December 20, 1985 the Board issued Decision No. E85144 respecting Phase I of the Proceeding. The Board determined Alberta Power's rate base, fair return and revenue requirement for the 1984 and 1985 test years. The Board determined that, based on existing rates (before Rider "J") the 1984 and 1985 revenues would exceed the revenue requirement by $13,255,000 and $29,087,000 in 1984 and 1985 respectively.

Accordingly, the Board directed Alberta Power to file, no later than February 1, 1986:

- A schedule of proposed rates that would generate, together with other utility income, the 1985 revenue requirement as determined by the Board.
- A proposed credit rider(s) designed to refund the revenue surplus as determined in Decision No. E85144, generated by the customer rates used in 1984 and 1985 plus the revenue surplus that will be generated in 1986 due to any delay in implementing the new 1985 rates for January 1, 1986.

Phase II of the Proceeding for the determination of rates will continue in 1986.

Electric Energy Marketing Act

On September 1, 1982 the Electric Energy Marketing Act came into force. Since then, TransAlta Utilities Corporation (TransAlta), Alberta Power Limited (Alberta Power) and The City of Edmonton (Edmonton Power) have been required to sell to the Alberta Electric Energy Marketing Agency (the Agency) electric energy generated and transmitted by them at a price set by the Board. These prices are set based upon the cost of generating and transmitting electric energy to the designated pooling interface points. The Agency then pools these costs and resells the electric energy to the three utilities at an average price. By averaging generation and transmission costs, a measure of equalization of electric energy costs throughout Alberta is achieved.

Because TransAlta is the lowest cost producer in Alberta, the averaged price at which TransAlta repurchases electric energy from the Agency is higher than the price at which TransAlta sells to the Agency. The consequent increase in TransAlta's cost of electric energy purchased from the Agency will eventually be fully reflected in TransAlta's customer rates. To ease the impact of such an increase, the Alberta Government has established a shielding program. TransAlta's customers were fully shielded for the first year of the Agency's operation, that is, September 1, 1982 to August 31, 1983. Commencing September 1, 1983, the Alberta Government removed 20% of the shielding and an additional 20% was removed on September 1, 1984. However due to an over collection of TransAlta's transfer payment to the Agency, the 2.5% levy on TransAlta's customer rates instituted in 1983 was decreased to 0% effective May 1, 1984. The levy remained in effect throughout 1985.

Alberta Power "passes through" the benefit arising from the Agency's operation to its retail customers through a credit rider which reduced their monthly bills by an average of 20% in 1985.

On November 13, 1984, the Electric Energy Marketing Amendment Act, 1984 came into force. Generating and transmitting costs are to be averaged by consumer groups to be identified by Regulation. Provision has also been made for the forecast utility selling price to the Agency to be retroactively adjusted based on the actual operating results of the utility.

On February 21, 1985, the Board issued Orders No. E85029, E85030 and E85031 which set the price in respect of each consumer group for which TransAlta, Alberta Power and Edmonton Power respectively, shall sell electric energy to the Agency in 1985. On October 25, 1985, the Board issued Orders No. E85119, E85120 and E85121 which set the same set of prices for 1986.

On December 20, 1985, the Board issued Order No. E85142 which varied that portion of Decision No. E84142 which had disallowed 50% of the capacity of the Rossdale Generating Plant from Edmonton Power's 1984 Upstream Rate Base. Only the cost of Unit 5 was excluded from the 1984 Upstream Rate Base since it was considered to be neither in service nor on the Alberta Integrated System stacking order.

PUBLIC UTILITY REGULATION

Water Utilities
There were six investor owned water utilities under full Board jurisdiction as of December 31, 1985. By Order No. E85026, dated February 8, 1985, the Board approved the sale by Artists View Park Services Ltd. and Su-Lyn Investments Ltd. of their utility and water line assets to the Municipal District of Rocky View No. 44. Interim rates for Artists View Park Services Ltd., approved in 1984, were finalized by the Board in Order No. E85143 dated December 23, 1985.

Gas Utilities, General

Energy Pricing Agreement
On March 28, 1985, the Governments of Alberta, British Columbia and Saskatchewan announced an agreement with the Federal Government (the Western Accord) which essentially dismantled the National Energy Program. The Governments recognized that it would take additional time to establish a framework for a market-oriented pricing and marketing system for natural gas and set November 1, 1985 as the date for resolution of this complex issue. The Western Accord did however, remove the Natural Gas and Gas Liquids Tax (already set at zero) and the Canadian Ownership Special Charge (COSC) (set at 14.0¢/GJ) effective June 1, 1985.

On October 31, 1985, the Governments of the three provinces reached an agreement with the Federal Government which would facilitate a transition to market pricing for natural gas commencing on November 1, 1985 and which would be fully implemented by November 1, 1986.

During the transition year, the Alberta Border Price will be maintained at its current level and then be eliminated. In order to maintain the Toronto Wholesale Price at its current level during this period, the November 1, 1985 TransCanada Pipeline toll increase was absorbed through the Market Development Incentive Program. This has had the effect of reducing the unit export flowback available to those utilities who produce all or a portion of their natural gas requirements. Negotiated prices during the transition year would appear to be limited to new system sales, contracts which have expired, competitive market programs and direct sales where contract carriage is available.

No rate applications were filed during 1985 as a direct result of the October 31, 1985 Agreement on Natural Gas Markets and Prices. The major impacts of the Agreement are expected to occur in late 1986.

Changes in Customer Rates
Changes in the Alberta Border Price and in the COSC have a direct effect on the cost of operations of natural gas utilities.

Alberta gas utilities generally purchase natural gas at the Alberta Border Price less the Alberta Cost of Service. However, they may claim a rebate of part of this cost from the Government of Alberta pursuant to the Natural Gas Rebates Act. The rebate is calculated as the difference between the purchase price (Alberta Border Price less the Alberta Cost of Service) and the Provincial Support Price (PSP). Accordingly, the net purchase price of natural gas is equivalent to the PSP. The Government of Alberta's current policy is to set the PSP at 65% of the Alberta Border Price.

There have been no changes to the Alberta Border Price or the PSP since August 1, 1984. However, the COSC which had been set at 14.0¢/GJ was eliminated effective June 1, 1985.

Federal and Municipal Taxes Included in a Customer's Annual Gas Bill
Prior to the introduction of the National Energy Program (NEP) on November 1, 1980 the Federal Tax component of a customer's bill was quite insignificant, being essentially the 5% of income taxes paid by the utility and not refunded to the utility for return to the customer. However, the NEP imposed a number of special taxes on natural gas that significantly increased the customer's bill. These reached a peak in 1982, and dropped significantly in 1983 and 1984. In 1984 the Natural Gas and Gas Liquids Tax was reduced to zero. In 1985 the Canadian Ownership Special Charge was cancelled, and the Petroleum and Gas Revenue Tax was reduced and will be phased out by December 31, 1988.

Municipalities may levy a tax on gas utilities serving within their boundaries, and generally do so in the form of a percentage of the gross revenue of the utility realized within the municipality. In the large Alberta cities the rate is 10% of the gas bill including this revenue or franchise tax. The amount of this type of tax in a customer's bill rises with any increases in the gas bill, including increases resulting from the imposition of taxes levied by other levels of government. Municipal taxes remain a significant component of most gas utility customers' bills in 1985.

The following table shows the impact of Federal and Municipal taxes on an average Edmonton residential customer's gas bill based on rates in place at the end of December in each of the years since 1979:

Year	Total Annual Bill (100%)	Federal Energy Taxes and Associated Income Tax Effects Included in Annual Bill (% as shown)	Municipal Taxes Included in Annual Bill (10%)
1979	$320.00	—	$32.00
1980	$560.00	$ 63.00 (11%)	$56.00
1981	$600.00	$150.00 (25%)	$60.00
1982	$813.00	$182.00 (22%)	$81.30
1983	$744.00	$ 86.00 (12%)	$74.40
1984	$790.00	$ 42.00 (5%)	$79.00
1985	$765.00	$ 15.00 (2%)	$76.50

Gas Utilities, Investor-Owned
Northwestern Utilities Limited
The Phase I hearing respecting Northwestern Utilities Limited's (NUL) May, 1984 General Rate Application was completed in 1984. In January, 1985, NUL applied to the Board for an Order directing that the evidence of Mr. Mark Drazen of Drazen-Brubaker and Associates on behalf of the Industrial Rate Intervenors be disregarded and struck from the record of the proceeding on the basis that, unknown to NUL at the time, Mr. Drazen, at the time he gave evidence was on a retainer to, or was being consulted by, the Board in his professional capacity and did thereby place NUL in a position that it might reasonably have an apprehension of bias or otherwise be deprived of natural justice. By Decision No. E85028, dated February 18, 1985, the Board dismissed the application on the grounds that it was not the proper forum to answer the question raised. The majority of the Division which heard the application considered that the matter should be referred by Special Case to the Court of Appeal pursuant to Section 13 of the Board's Rules of Practice. The presiding member, dissenting in part, agreed that the application be dismissed but considered that the Board should not proceed pursuant to Section 13 of the Rules of Practice and that NUL should determine what further action it would take.

In May, 1985, the Board asked the Court of Appeal:

"(a) Is a reasonable apprehension of bias raised by reason of the fact that, unknown to the applicant, Northwestern Utilities Limited, at the time a Mr. Mark Drazen gave evidence before the Board at the General Rate Application on behalf of certain Industrial Rate Intervenors, the said Mr. Mark Drazen and/or his firm was on a retainer to the Board in a consulting capacity with respect to the Board's approach to, and process of analysis of, a general rate application?

(b) If the answer to question (a) is yes, what is the appropriate remedy to be applied?"

The matter was heard by the Court of Appeal in November, 1985, and a judgment was rendered in December, 1985. The Court of Appeal held that whether a reasonable apprehension of bias exists is a question to be answered by the Board. As regards the second question, any member so tainted by an apprehension of bias should be removed from the Division of the Board hearing NUL's General Rate Application.

In view of the position outlined in the Court's judgment, Mr. Jah, the Presiding Member, disqualified himself from any consideration of the matters dealing with NUL. The remaining two members of the Division will now deal with and conclude the Application.

Canadian Western Natural Gas Company Limited
In April, 1985, Canadian Western Natural Gas Company Limited (CWNG) filed an application for a rate increase. Additions to transmission and distribution systems, increased operating and maintenance expenses and lost gas sales to a major industrial customer were cited as major factors necessitating the increase. A public hearing to consider an application for increased rates on an interim refundable basis was held in May, 1985. In Interim Order No. C85204, dated June 10, 1985, the Board denied the application for interim rates. Subsequent to the hearing of Phase I of this Application, the Board issued Order No. C85246, dated October 4, 1985, which set out CWNG's interim revenue requirements for 1985 and 1986. By Order No. C85248 dated November 1, 1985 the Board approved interim refundable rates which were forecast to generate additional revenues not more than the amounts approved by the Board in Order No. C85246. In Decision No. C85250 dated December 20, 1985, the Board determined the final rate base, fair return on rate base and utility revenue requirement for the 1985 and 1986 test years. The major reductions that the Board made to the requested revenue requirements included a reduced return on rate base together with associated income taxes, disallowance of costs associated with lost gas sales to Canadian Fertilizers Limited and a partial disallowance of head office rent and officers' fees.

ICG Utilities (Alberta) Ltd.
[formerly ICG Utilities (Plains-Western) Ltd.]
In January, 1985, ICG Utilities (Alberta) Ltd. (ICG) filed a General Rate Application for a rate increase. Increases in income tax expense, depreciation expense, operating and maintenance expense, return on rate base and a reduction in sales, partially offset by a decrease in cost of gas, were stated as major factors necessitating the increase. A hearing for an interim refundable increase in rates was held on March 8, 1985. By Order No. E85044 dated April 17, 1985 the Board denied the application. At the conclusion of the main hearing in June, 1985, ICG applied again for interim refundable rates. By Order No. E85094 dated August 19, 1985 the Board denied the application.

In Decision No. E85133 dated December 16, 1985 the Board determined and approved the rate base, fair return on rate base and the utility revenue requirement for ICG. The utility revenue requirement determined by the Board was $1,201,101 less than that requested by ICG for 1985. The major reduction that the Board made to the requested revenue requirement was to operating and maintenance expense. Other reductions included depreciation expense, gas costs and return on rate base. The Board fixed final rates, designed to generate the Board determined 1985 revenue requirement, in Order No. E85145, dated December 24, 1985.

Superior Natural Gas Service Ltd.
By an application dated October 4, 1985 Superior Natural Gas Service Ltd. (Superior) applied to the Board for approval of the sale to ICG Utilities (Alberta) Ltd. (ICG) of all its property, franchises, privileges and rights. By Order No. E85118 dated December 11, 1985 the Board approved the sale, conditional upon Superior and ICG or their respective counsel, filing with the Board written confirmation that the existing gas supply contract between Superior and the Village of Thorhild was in good standing and all monies due and owing thereunder to the Village had been paid as of the closing date of the sale, December 1, 1985.

Elk Point Gas, Ltd.
Elk Point Gas, Ltd. filed a general rate application for a rate increase on December 12, 1985. This matter was under consideration at year-end.

Bonnyville Gas Company Limited
Bonnyville Gas Company Limited filed a general rate application on December 20, 1985. This matter was under staff investigation at year-end.

Border Utilities Ltd.
Border Utilities Ltd. (Border) filed a General Rate Application in July 1984. In Decision No. E85001 dated January 4, 1985, the Board determined a rate base, fair return, revenue requirement and rates for the 1984 and 1985 test years and made certain amendments to the Utility's gas system standards, regulations and practices. An amending order, No. E85014 dated January 23, 1985, modified the Board's determination of utility revenue requirement and amended Border's rates to reflect the change. The revenue requirement determined by the Board was approximately $11,500 less than requested by Border in 1984 and was $6,833 less than requested in 1985.

Income Tax
In Decision No. E85005 dated January 7, 1985 the Board approved a change in rates for ICG Utilities (Alberta) Ltd. to give effect to ICG's change in its method of calculating income taxes from flow-through to Normalization-All Taxes Paid. The change in method had been approved in 1984 but, in the interest of rate stability, the Board required the change to be staged-in over the two years, 1984 and 1985.

Gas Utilities, Municipally-Owned
Town of Castor Gas Utility
The Town of Castor Gas Utility (Castor) filed a General Rate Application in November 1984. In Decision No. E85059 dated May 17, 1985, the Board fixed and approved interim rates and an interim Schedule of Approved Fees and Charges Applicable to the Rules and Regulations. In Decision No. E85086 dated June 14, 1985, the Board determined a rate base, fair return, revenue requirement and fixed rates and standards, rules and practices. The test years used were 1984 and 1985. The revenue requirement approved by the Board was approximately

$13,000 less than requested for 1984 and about $4,000 less than requested for 1985.

Town of High Prairie Gas Utility
The Town of High Prairie (High Prairie) filed a General Rate Application in October 1985. In Decision No. E85141 dated December 20, 1985, the Board determined a rate base, fair return, revenue requirement and rates for the 1985 and 1986 test years. The Board also rescinded Decision No. E77192 which had exempted High Prairie from the requirement of the Board to determine a rate base pursuant to section 29 of the Gas Utilities Act. The revenue requirement determined by the Board was approximately $48,000 less than requested by High Prairie in 1985, and was approximately $16,500 less than requested in 1986.

Town of Slave Lake Gas Utility
The Town of Slave Lake Gas Utility (Slave Lake) filed an application dated October 10, 1984 for approval of a change in rates caused by a change in the Utility's cost of purchased gas. By Order No. E85019 dated February 12, 1985, the Board ordered Slave Lake to amend its Application to include a General Rate Application respecting the 1984 and 1985 test years. In Decision No. E85116 dated November 25, 1985 the Board determined a rate base, fair return, revenue requirement and rates for the test years. The revenue requirement determined by the Board was $13,608 less than that requested by Slave Lake for 1984 and $26,338 less than that requested for 1985.

New Town of Rainbow Lake Gas Utility
The New Town of Rainbow Lake Gas Utility (Rainbow Lake) filed a General Rate Application in November 1984. In Decision No. E85041 dated March 29, 1985, the Board determined a rate base, fair return, revenue requirement and rates, along with standards, regulations and practices, using 1985 as a test year. The revenue requirement determined by the Board was virtually the same as that requested by Rainbow Lake.

Village of Galahad Gas Utility
The Village of Galahad Gas Utility (Galahad) filed its first General Rate Application in December, 1984. In Decision No. E85087 dated June 28, 1985, the Board determined a rate base, fair return, revenue requirement and rates for the 1984 and 1985 test years. The Board also approved Galahad's standards, regulations and practices. The revenue requirement approved by the Board was approximately $4,300 less than that requested for 1984 and was almost identical to that requested for 1985.

In Decision No. E85112 dated October 4, 1985, the Board varied Decision No. E85087 to reduce the cost of purchased gas as a result of the renegotiation of Galahad's gas supply contract with the South Flagstaff Gas Co-op. The 1984 and 1985 revenue requirements previously approved by the Board were reduced by $1,200 and $1,000 respectively.

Utilities Not Offering Utility Services to the General Public
The Board's jurisdiction is derived principally from two Statutes, the Public Utilities Board Act and the Gas Utilities Act. In both of these Statutes there are definitions of a public utility and of a gas utility, and these definitions are so broad that they capture a great many firms or individuals whose operations do not fall within the generally conceived ambit of a public utility or a gas utility in that they do not serve the public with any conventional public utility services. By Statute, the Board is provided discretion to declare, by order, that such firms or individuals are not owners of public or gas utilities for the purposes of the two Statutes, thereby exempting them from the duties that would otherwise be imposed on them by parts or all of the Statutes.

Prior to the proclamation of the Utilities Statutes Amendment Act discussed below, the Board's practice had been to permit the widest possible latitude to those firms and individuals in the management of their affairs, providing however, that it could be demonstrated that the public interest was preserved and the interests of utility customers were not prejudiced. It was significant that such exemption became void upon the happening of certain events or upon being rescinded by the Board, and the firm or individual again became subject to regulation by the Board.

Applications of this nature were dealt with at in-office hearings held weekly in Edmonton and in Calgary.

Section 6 of Appendix 1 to this Report contains full details of these applications in five subsections labelled 6A through 6E inclusive.

The largest subsection is 6A which lists the applicants for general exemption Orders declaring that the applicant is not an owner of a gas utility or of a public utility, or that any thing is not a gas or a public utility. In 1985, 222 applications were considered by the Board.

Subsection 6B covers applications from utilities for Orders declaring that certain sections of the Statutes are not to apply with respect to the applicant. Such orders are seldom issued because the general exemptions discussed above are approved in most cases. However, in certain cases an applicant may be an owner of a utility for whom it is appropriate to approve only limited exemptions. An example would be a corporation which has a subsidiary which serves the general public directly. No applications were heard for such specific exemptions in 1985.

Subsection 6C covers applications for Orders declaring that specific sections of the Statutes do not apply for the purposes of certain transactions which do not affect the general public. Interests in oil and gas properties are often held by a large number of individuals in the form of a joint venture or partnership. When these individuals desire to transfer their interests it was impractical to obtain the necessary information to enable the Board to grant general exemption declarations for each of the individuals. In these situations the Board has considered it appropriate to declare that certain provisions of the Statutes would not apply to a specific transaction. In 1985 there were 13 such applications.

Subsections 6D and 6E cover applications for approval of specific transactions. Subsection 6D covers approval of issues of shares, stocks, or bonds payable in more than one year from the issue date. There was one such application in 1985. Subsection 6E covers approval to sell, lease, mortgage, merge or consolidate property, franchises, privileges or rights. Applications falling within this section are infrequent as most of the applicants are eligible for general exemptions.

On November 13, 1984 Royal Assent was given to the Utilities Statutes Amendment Act. This statute was proclaimed as of July 3, 1985. These amendments which apply to the Public Utilities Board Act and the Gas Utilities Act restrict the application of certain sections to those owners of public utilities and gas utilities designated by regulation. These Regulations, 171/85 and 173/85, became effective on June 19, 1985. As a result only those utilities designated by the Regulations are now subject to the sections dealing with issuance of shares or bonds, or the sale, lease, mortgage, encumbrance or merger

of utility property. These amendments have reduced significantly the number of applications by owners of utilities applying for general exemption as noted in Subsection 6A of Appendix 1, and also by those applying for exemption for the purposes of certain transactions. The amendment did not affect Section 99 of the Public Utilities Board Act which requires Board consent before the union of two or more utilities. This means that the Board still receives a few applications of the type described in Subsection 6C of Appendix 1.

General Supervision of Utilities

The Board is required by Statute to exercise a general supervision over utilities within its jurisdiction, and is empowered to make any investigations or inquiries necessary to satisfy itself as to the manner in which owners of such utilities are in compliance with the law.

Specifically, the Board is required to review the affairs, earnings and accounts of each utility for whom it has previously set rates, within three years of such rate setting, and it may review any utility at any time.

To ensure compliance with the mandatory review requirements, the Board selects utilities to be reviewed during a given year and authorizes technical staff analysts to proceed with the necessary inquiries in accordance with a predetermined schedule.

The consideration of a utility's general rate application also provides an opportunity for the necessary review through the public hearing process and the Board's determination of the utility rate base and fair return which require a thorough examination of the utility's operations. Consequently, the Board's review schedule is under constant revision as applications for approval of changes in rates are received and dealt with, thereby satisfying the formal review requirements.

A Report on the review of the affairs, earnings and accounts of the Town of Daysland Gas Utility was issued in 1985.

Reviews of the affairs, earnings and accounts of Orr Mineral Developments Ltd. and the gas distribution systems of the Towns of Manning, Devon, Redwater and Wainwright were in progress at year-end.

Customer Inquiries and Complaints

The Board receives numerous calls and letters from people seeking information on utility related matters or expressing dissatisfaction with procedures or charges imposed by utilities.

Formal written complaints are registered as applications to the Board pursuant to the Public Utilities Board Act and details of the applications received in 1985 are reported in Appendix 1.

Those applications which involve a regulated utility are listed in Appendix 1 in the section covering the type of utility involved, and then under the name of the utility against which the complaint was lodged.

Those applications made pursuant to the Municipal Government Act by customers of non-regulated municipally owned utilities are listed in Appendix 1, Section 7D.

In 1985, hearings were held in connection with several of the formal written complaints submitted to the Board, a number of which dealt with meter disputes. One such complaint was lodged against Canadian Western Natural Gas Company Limited (CWNG) by William Wilson regarding the Company's retroactive billing of his account to 1980 upon the discovery from a meter test that his meter was not registering. The Board found the Federal Gas Inspection Act to apply in this case, which limited the right of CWNG to recover from the Complainant only the difference between the Company's estimate of the actual natural gas consumption during the three month period prior to the meter test and the actual amount of consumption billed to and paid for by the Complainant in that period.

In addition to the preceding applications, the Board received 236 verbal inquiries by telephone or in person, and 85 written inquiries which were handled by Board staff. The majority of the verbal queries concerned rate increases, billing disputes, security deposits and late payment penalties.

Billing disputes generated 30 of the written queries. The remaining written inquiries concerned other aspects of utility service such as security deposits, service problems, late payment penalties, and charges for connection and reconnection of service.

All of the verbal inquiries had been resolved by year-end. Four of the written inquiries were still under review as of December 31, 1985.

OTHER REGULATORY FUNCTIONS

Municipal Supply Contracts and Special Franchises

The Municipal Government Act deals with the subject of Municipalities entering into supply contracts and conferring special franchises in Section 279(1) which reads:

> "A council, with the approval of the Public Utilities Board, may
>
> (a) enter into a contract with a person undertaking to provide the municipality and its residents or part of the municipality and the residents of that part with a supply of telephones, transportation, light, power, natural gas, artificial gas, water and heat, or any of them, and
>
> (b) confer a special franchise upon that person in respect to the subject matter of the contract,
>
> for any period not in excess of 20 years."

The Municipal Government Act deals with the subject of Municipalities entering into contracts for supply to a municipally owned public utility in Section 280 which reads:

> "A council, with the approval of the Public Utilities Board, may enter into a contract with any person to supply light, power, natural gas, artificial gas or water to the municipality for the use of the municipal public utility for any period not in excess of 20 years."

Applications for approval under these sections coming before the Board dealt almost exclusively with franchises and contracts for the supply of electricity or gas.

Also included in this category are renewals of special franchises or supply contracts. Renewals are generally for a period of ten years. Section 281(2) of the Municipal Government Act stipulates that "any renewal may be for a period not exceeding ten years from the expiration of the contract".

Applications dealt with by the Board for such approvals are summarized in Section 7 of Appendix 1.

In 1985, the Board received two applications by municipalities for approval to enter into a natural gas supply and special franchise agreement with a rural gas utility pursuant to Section 279 of the Municipal Government Act.

The first application was received from the Municipal District of Willow Creek No. 26. Summerview Gas Co-op Ltd. was already serving part of the M.D. pursuant to a franchise area approval granted to it by the chief officer under the Rural Gas Act. However, the exclusivity of a franchise approval granted pursuant to the Municipal Government Act was sought. The Board reviewed the relevant legislation and concluded that the intention of the legislation was that the chief officer should determine franchise area approvals for rural gas utilities following the criteria outlined in the Rural Gas Act and the Regulations. It was pointed out that the Rural Gas Act is specific legislation dealing with rural gas utilities and must therefore prevail over the provisions of the Municipal Government Act dealing with franchise agreements. The Board consequently concluded, in Decision No. E85097 dated August 6, 1985, that the provisions of Section 279 of the Municipal Government Act did not apply and were not available to the Applicant.

The second application by the Municipal District of Provost No. 52 was withdrawn subsequent to the issuance of Decision No. E85097.

In 1985, the Board also issued decisions regarding two applications received in 1984, where a municipality served by an investor owned gas utility had annexed surrounding lands in which the gas consumers were served by a rural gas co-operative.

The Municipal Government Act, Section 281(4) states:

> "When pursuant to this or any other Act, an area is or has been heretofore incorporated as, or annexed to, or included in a municipality;
>
> (a) a special franchise with respect to the area, or
>
> (b) a contract for the supply of light, power, natural gas or water to persons resident in the area,
>
> conferred or entered into by the governing authority previously having jurisdiction in the area and that has become operative therein shall be deemed to have been conferred or entered into on its original date by the council of the new municipality and to have become operative therein and sections 279 and 280 and this section apply, with all necessary modifications, to the special franchise or contract."

The Municipal Government Amendment Act 1983, which came into force on June 6, 1983 added a new section, 281.1 where subsections (1) and (2) state:

> "(1) Notwithstanding section 23, when all or a part of the franchise area of a rural gas utility as defined in the Rural Gas Act is annexed to a city, town, village or summer village, the franchise area shall be reduced by the area so annexed and the council of the city, town, village or summer village shall, within 1 year of the effective date of the annexation, decide whether or not the distributor who is the holder of the franchise area approval may continue to supply natural gas to the residents of the annexed area.
>
> (2) If the council decides that the distributor may continue to supply natural gas to the residents of the annexed area and the distributor agrees to do so, the city, town, village or summer village shall enter into a contract with the distributor and confer a special franchise on the distributor in accordance with section 279."

Rocky Gas Co-op Ltd. made an application to the Board involving an annexation made prior to the coming into force of this amendment. The Co-op was seeking compensation and damages from Northwestern Utilities Limited (NUL) following the annexation of a portion of its franchise area by the Town of Rocky Mountain House, which is served by NUL. The Board, in Decision No. E85045 dated April 4, 1985, found that the franchise area approval granted to the Co-op pursuant to the Rural Gas Act had not been amended in any manner contemplated by the Act. It was therefore the opinion of the Board that the franchise area approval remained unrevoked, and that the Board had no basis from which to provide the relief sought by the Co-op. It was suggested that the parties seek an amendment to the franchise area by mutual agreement.

The Town of Edson applied for the Board's approval to enter into a natural gas supply and special franchise agreement with Yellowhead Gas Co-op Ltd. concerning lands annexed after the coming into force of the amendment to the Municipal Government Act. NUL opposed the application, arguing that it had an exclusive franchise agreement

with the Town. In its Decision No. E85017 dated January 29, 1985, the Board found that NUL had no exclusive jurisdiction in the annexed area, and determined that it had the jurisdiction to consider the application of the Co-op pursuant to Section 281.1 of the Municipal Government Act. The application was approved by the Board.

Milk Prices

Under the Dairy Board Act, the Board is charged with the responsibility of prescribing the minimum price of fluid milk that may be paid to producers, and also the minimum wholesale and retail prices of fluid milk and fluid milk products that may be charged by processors, distributors and sellers. It is important to note that these are MINIMUM prices.

In Decision No. E76104 dated August 16, 1976, the Board adopted the use of the fluid milk pricing formula established by the Production Economics Branch of the Alberta Agriculture Department and stated, inter alia:

> "The Board will continue to use formula pricing as a guide in fixing the minimum price to be paid to producers for Class 1 fluid milk.
>
> The Board reserves the right not to adjust the minimum producer price as indicated by the formula price if it finds that unusual circumstances prevail at any particular time. The performance and results of formula pricing will be monitored continuously, tested against the production cost study annually and reviewed at public hearings periodically in response to an application or upon the Board's own initiative."

In response to price changes indicated to be justified by the results of the pricing formula during 1985, the Board approved increases in the minimum producer prices. These increases resulted in simultaneous increases in the minimum wholesale and retail prices of fluid milk products of one cent per litre on March 1, 1985 and one cent per litre on September 16, 1985.

On November 25, 1983, the Board received an application from certain processors, distributors and sellers (processors/distributors) for approval of a three cents per litre increase in the minimum wholesale and retail prices of fluid milk and fluid milk products. On February 15, 1984 the processors/distributors requested the Board to delay the hearing and on March 5, 1984 the Board agreed to such a delay until further advised. On July 4, 1985, the processors/distributors filed material supplementary to the filed evidence of November 25, 1983 and requested the Board to set hearing dates at the earliest possible time.

On January 15, 1985, certain wholesalers and retailers (wholesalers/retailers) of fluid milk and fluid milk products filed an application with the Board for an increase in the prescribed minimum retail prices such that these retail prices would yield a 12% to 14% gross margin on retail sales of fluid milk and fluid milk products. The wholesalers/retailers submitted that in order to attain a gross margin of 12% to 14%, an increase of 6.2 cents to 8.2 cents a litre in the prescribed minimum retail price would be required.

A pre-hearing conference was held on August 14, 1985 in respect of both of the above applications to determine, inter alia, the parties intending to participate, issues to be considered and a schedule for the conduct of the hearings.

Hearings with respect to the application by the processors/distributors were held on September 26, 27 and 30, 1985. Hearings respecting the application by the wholesalers/retailers commenced and concluded on September 30, 1985.

On December 19, 1985, the Board reconvened the hearing to further examine the financial and regulatory impacts on the fluid milk operations of the processors/distributors resulting from certain fraudulent activities perpetrated by certain employees of one of the applicant processors/distributors during the years 1980, 1981 and 1982.

As at year end, decisions in respect of both of the above noted applications were pending.

Orders resulting from the Board's milk pricing activities are summarized in Section 10 of Appendix 1. An historical tabulation of milk prices prescribed by the Board from 1970 to 1985 is attached as Appendix 4.

Complaints Under the NOVA, AN ALBERTA CORPORATION Act

The NOVA, AN ALBERTA CORPORATION Act provides in Section 37(2) that, upon complaint in writing of an interested party, the Board is responsible for determining the justness and reasonableness of the rates, tolls or other charges fixed or varied by NOVA, and by order in writing may vary or confirm the foregoing rates, tolls or other charges. No such complaints were received by the Board in 1985.

Appeals Under the Natural Gas Pricing Agreement Act

Section 8 of the Natural Gas Pricing Agreement Act provides that any determination or estimation of an Alberta cost of service made under that Act is subject to appeal to the Public Utilities Board.

Husky Oil Operations Ltd.

Husky Oil Operations Ltd. (Husky) appealed a December 23, 1977 Decision of the Alberta Petroleum Marketing Commission (APMC) on behalf of Husky, CanDel Oil Ltd., Canadian Propane Gas & Oil Canada Ltd. (the Savanna Creek Producers). The appeal related to a Determination by the APMC of the Alberta Cost of Service for Westcoast Transmission Company Limited (Westcoast) for the month of September, 1977. A similar appeal was launched by Husky with respect to the Alberta Cost of Service for Westcoast for the month of December, 1977.

On March 21, 1983, the Board issued Order No. E83061 which provided that the determinations or estimations of an Alberta Cost of Service with respect to the Savanna Creek gas should include only that portion of the total processing costs and charges of Saratoga determined in the ratio that the volume of the Savanna Creek acid gas bears to the total volume of acid gas processed in the Saratoga gas plant, said volumes to be estimated monthly and adjusted annually (thirteenth month adjustment). However, when only Savanna Creek raw gas is being processed through the Saratoga gas plant, the total of the fuel gas cost shall be assigned to the Savanna Creek gas; when both Savanna Creek raw gas and North Coleman raw gas are being processed through the Saratoga gas plant at the same time, or when neither is being processed, then 58.7% of the total fuel gas cost (based on volumes) shall be allocated to the Savanna Creek gas.

On December 11, 1985 the Court of Appeal issued its decision respecting the above appeal. The order has been referred back to the Board for clarification of the formula which allocates the cost of fuel gas. As of year-end, this matter had not been completed. (See Appendix 6)

Canterra Energy Ltd.

On June 28, 1984, Canterra Energy Ltd. appealed Determination No. 84-13 of the APMC to the Board. On March 4, 1985 the Board issued Decision No. C85026. Leave to appeal the Board's decision was granted

on May 29, 1985 on the issue of whether the Board erred in exercising the descretion granted by Section 2(2) of the Natural Gas Pricing Agreement Act, in not establishing a separate category in the Consolidated Natural Gas Limited Alberta Cost of Service so that Canterra Energy Ltd. would not be required to bear all or any portion of the interest costs incurred in respect of the TOPCON Program. At year-end this appeal had not been heard by the Court of Appeal. (See Appendix 6).

Signalta Resources Limited
Signalta Resources Limited appealed APMC Determination No. 84-15 dated July 10, 1984. On March 4, 1985 the Board issued Decision No. E85033 which was appealed by Signalta to the Court of Appeal. Leave to appeal was granted on July 11, 1985 upon the issue of whether the Board erred by failing to include Signalta's Gas Purchase Contract in subcategory D_1D_2 which resulted in the Gas Purchase Contract being categorized in subcategory D_1B_2, which category attracts financing costs for prepayment, contrary to Section 5.1(1)(c) of the Natural Gas Pricing Agreement Regulations. At year-end, the matter had not been heard by the Court of Appeal. (See Appendix 6).

Cabre Exploration Ltd. and Petromark Minerals Ltd.
By Notice of Appeal dated May 9, 1984, Cabre Exploration Ltd. and Petromark Minerals Ltd. appealed to the Board from the APMC's Determination 84-05 dated March 23, 1984. In Decision No. E85032 dated March 4, 1985, the Board referred the matter back to the APMC with the following directions:

(a) The APMC shall make a new determination for the month of November 1983. In making the new determination for that month the APMC shall exclude take or pay financing costs for the ACOS for TCPL insofar as Cabre and Petromark are concerned.

(b) For the months subsequent to November 1983 the APMC shall make new determinations. In deciding whether or not to include or exclude take or pay financing costs for the ACOS for TCPL in respect of Cabre and Petromark in any given month subsequent to November 1983, the APMC shall take into consideration the guiding principles of the multi-tiered ACOS for TCPL as found by the Board as well as all other relevant circumstances and considerations.

Amoco Canada Petroleum Company Ltd.
On May 10, 1985, Amoco Canada Petroleum Company Ltd. appealed the APMC Determination for the December 1984 Alberta Cost of Service for TransCanada Pipelines Limited (TransCanada). Amoco Canada Petroleum Company Ltd. contends that the risk associated with take or pay provisions under its gas purchase contracts with TransCanada should be shared, or borne by TransCanada. This matter was not completed at year-end.

The Energy Resources Conservation Board Hearings
Order-in-Council 234/85 provides that certain members of the Public Utilities Board (PUB) are nominated as persons who may be named as Acting Members of the Energy Resources Conservation Board (ERCB).

No members of the PUB were involved in any ERCB hearings in 1985.

Appeals of Board Orders to the Alberta Court of Appeal and to the Supreme Court of Canada
Section 62 of the Public Utilities Board Act provides that an appeal may be taken from the Orders and Decisions of the Board to the Alberta Court of Appeal, and the Act specifically states "on a question of jurisdiction or on a question of law". Appeals from the decisions of the Alberta Court of Appeal may be taken, with leave, to the Supreme Court of Canada. Details of appeals of Board Orders and Decisions before the Courts at year end are set out in Appendix 6.

Special Telecommunication Tribunal
The Public Utilities Board Act was amended by the Telecommunications Statutes Amendment Act, 1985 being Chapter 52 of the Statutes of Alberta, 1985 to establish the Special Telecommunication Tribunal (STT) as agreed to by the Government of Alberta and the City of Edmonton.

Members of the STT consist of Mr. D. Burrows, Dr. H. Harries, Mr. A. O. Ackroyd, Q.C., Mr. A. Jah and Mr. N. W. MacDonald.

AGT filed an Application to the STT dated December 13, 1985 to settle all of the disputes between Alberta Government Telephones and 'edmonton telephones' relative to the Billing Agreement. This matter had not proceeded at year-end.

The Natural Gas Price Protection Plan

Pursuant to the Natural Gas Rebates Act, the Board performs an administrative function under the Natural Gas Price Protection Plan. The Board examines rebate applications and issues "Supply Certificates" and "Rates Certificates" which are required before the Director of Rebates can approve an application for Rebate. The number and type of rebate certificates issued in 1985 are summarized in Appendix 5.

Alberta consumers of natural gas continue to benefit from the shielding from world market prices, provided by the Alberta Government's Natural Gas Price Protection Plan.

This program came into effect on January 1, 1974 and was revised effective September 1, 1980 and was continued for an additional three years from April 1, 1985. The program established a "Provincial Support Price" (PSP). The natural gas user pays for the cost of gas up to that level, and the cost of gas above the support price is rebated by the Alberta Government to the serving utility. Under the revised program, the Alberta Government's policy is to fix the PSP at 65% of the Alberta Border Price.

Rebates may be paid on the first 1.055 petajoules (PJ) of natural gas, a quantity far in excess of the amount used by virtually any space heating customer. Generally, only petrochemical plants and electric generating utilities would use more.

The Plan provides a subsidy, equivalent to $0.679 per GJ at December 31, 1985, equal to about $154.13 per year to the customer using 227 GJ of natural gas annually. The subsidy has been as low as $0.171 per GJ in early 1976, and its current level is a high at $0.679 per GJ. The subsidy will likely remain at its present level until November of 1986, at which time the Alberta Border Price is to be eliminated as a result of the Natural Gas Pricing and Marketing Agreement arrived at by the Governments of Canada, Alberta, British Columbia and Saskatchewan.

The PSP history is shown in the first column of the following table:

Date	Provincial Support Price (PSP)	Alberta[1] Regulated Field Price	PSP as a % of Alberta Regulated Field Price
January 1, 1974	16.70¢/MMBtu[2]	—	—
April 1, 1975	28.00	—	—
April 1, 1976	56.00	74.103¢/MMBtu	75.6
April 1, 1977	69.50	93.498	74.3
August 1, 1977	73.75	108.809	67.8
February 1, 1978	77.75	123.887	62.8
August 1, 1978	79.00	128.125	61.7
August 1, 1979	75.50¢/GJ	128.297¢/GJ	58.8
February 1, 1980	79.00	141.106	56.0
September 1, 1980	116.60	166.408	70.1
November 1, 1980	115.40	160.065	72.1
October 1, 1981	110.60	148.662	74.4
February 1, 1982	125.80	171.963	73.2
August 1, 1982	140.90	189.764	74.3
February 1, 1983	156.00	213.065	73.2
August 1, 1983	171.20	230.366	74.3
February 1, 1984	181.40	246.001	73.7
August 1, 1984	181.90	249.804	72.8
December 31, 1985	181.90	249.804	72.8

[1] The Alberta Regulated Field Price is derived by reducing the regulated price at the Alberta Border (the Alberta Border Price) by the amount of the "Alberta Cost of Service" determined by the Alberta Petroleum Marketing Commission.

[2] Assuming 1 MMBtu per Mcf for the PSP prices from January 1, 1974 to August 1, 1978 inclusive. Prices are expressed as cents/MMBtu from 1974 to 1978 (inclusive) and cents/gigajoule thereafter. (1 MMBtu = 1.054615 GJ).

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APPLICATIONS TO THE BOARD

SECTION 1: PUBLIC UTILITIES
Telecommunications

Data reported in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

1.01 (a) RE75003/E3.4.89-1A-1 (Costs)(Appeal)/E3.4.89-1A-2 (Costs)(Appeal)/Alberta Government Telephones

(b) (1) Appeals by City of Edmonton and Consumers Association of Canada (Alberta), re: Board Order E80104

(2) Appeal by City of Edmonton re: Board Order E81004

(c) (1) The January 14, 1985 judgment of the Court of Appeal referred that portion of Decision E80104 relating to the award of costs to the Consumers' Association of Canada (Alberta) and the City of Edmonton back to the Board for consideration and redetermination in conformity with the requirements of Section 7 of the Administrative Procedures Act. In process at year-end.

(2) The January 14, 1985 judgment of the Court of Appeal referred that portion of Decision E81004 relating to the award of costs to the City of Edmonton in respect of legal counsel back to the Board for redetermination. In process at year-end.

1.02 (a) RE83027/E3.4.89-61B/Alberta Government Telephones

(b) For an Order determining a rate base for the property of Alberta Government Telephones (AGT) that is used or required to be used in AGT's service to the public, fixing a fair return thereon and fixing just and reasonable final rates, tolls or charges.

(c) (1) Decision E84083 dated June 15, 1984 determined AGT's rate base, fair return and revenue requirement for the 1983 test year. In Decision E85010 dated January 28, 1985, the Board made certain determinations, as discussed hereinafter, with respect to AGT's submission dated September 28, 1984, filed in compliance with certain matters that the Board had directed AGT, in Decision E84083, to address at the time it filed for approval of a final schedule of rates, tolls or charges that would generate, on an annualized basis, the "adjusted" utility revenue requirement (the Application).

(A) The Board granted the City of Edmonton (Edmonton) status as a registered intervenor following representations made by Edmonton that its intervention would be of assistance to the Board. Edmonton's request that the hearing of the Application be adjourned sine die was denied.

(B) AGT's interim rates, as approved in Decision E84083 effective July 1, 1984, would have generated revenues on an annualized basis in excess of AGT's 1983 "adjusted" utility revenue requirement of $928,062,000. AGT submitted in the Application a proposed schedule of final rates, tolls and charges that would generate, on an annualized basis, the $928,062,000.

The Board, upon review of these rates, concluded that the proposed rates reflected a change in the rate design that was previously approved in Decision E84083. Accordingly, AGT was directed to submit, by February 28, 1985, a revised schedule of final rates, tolls and charges that would incorporate an across the board decrease to the current interim rates. Certain exceptions to an across the board decrease were allowed, however, since a rate reduction to these excepted services would not be practical.

(C) The Board accepted AGT's proposed method of collecting the combined 1983 and 1984 revenue deficiency. This method involved the continuation of the current interim rates until the combined revenue deficiency had been collected. AGT would have to file with the Board periodic reconciliation statements to show the amounts collected towards the revenue deficiency.

(D) With respect to AGT's submission of the revised General Regulations (the Regulations) and Terms and Conditions of Service (TACOS) respecting basic tariffs, the Board directed AGT to make changes to certain of the Regulations and TACOS. AGT was further directed to file, with its revised schedule of final rates, tolls or charges, the Regulations and TACOS as amended in this Decision.

(E) In the Application, AGT submitted proposed implementation dates for Direct In Dial and Direct Outward Dial rates approved in E84083 to be January 1, 1985 for new customers and September 1, 1985 for existing customers. The Board directed that since the implementation date for new customers had elapsed, AGT should file a revised proposal for the effective dates for these rates for new and existing customers, giving consideration to the same eight month delay in the implementation date as per the proposal in the Application.

(F) The Board considered that the 1982 gain on sale of $3,046,000 on the sale of two parcels of land should have been reflected in a utility income account. AGT had considered the sale to be in the ordinary course of business and recorded it in a non-utility ("Other Income") account. The Board therefore directed that the 1982 gain on sale of land be considered as part of AGT's 1982 total utility revenue and to file with the Board and Intervenors its actions flowing from this direction and the results.

(G) The Board approved in part Intervenors' Costs for the Cities of Calgary and Edmonton but denied the

costs claimed by CAG Communications Analysis Ltd.

(2) In Decision E85046, dated April 11, 1985, the Board approved as final AGT's revised rates, tolls and charges filed in compliance with the Board's determinations and directions in its Decision E85010, dated January 28, 1985.

(A) The approved rates incorporated a 4.85% across the board decrease to the July 1, 1984 interim rates, except to nine service categories that the Board, in E85010, considered should not be reduced.

(B) The Board approved AGT's proposed General Regulations and Terms and Conditions of Service, which were amended in accordance with the Board's directions in E85010.

(C) The Board approved AGT's proposals respecting implementation dates for the Direct In Dial and Direct Outward Dial rates, as being June 1, 1985 for new customers and February 1, 1986 for existing customers.

(D) The Board concurred that no further action was required to deal with the 1982 gain on sale of certain telephone plant that AGT had accounted for as being non-utility related. In 1982, AGT decided to forego a revenue deficiency of $23,687,000; recognizing the gain in question of $3,800,000 would only have served to reduce the revenue deficiency forgone to $19,887,000.

1.03 (a) RE85004/E3.4.89-63/Alberta Government Telephones

(b) For approval on an interim basis effective February 8, 1985 of a 50¢ service charge for each Alberta-U.S. Long Distance Directory Assistance (LDDA) call in excess of twenty calls

(c) Decision E85025 dated February 13, 1985, approved on an interim basis effective March 1, 1985 the introduction of a service charge in respect of Alberta-U.S. LDDA calls in the amount of 50¢ per call in excess of fifty calls per Individual Line, Network Access Line, Exchange PABX Trunk or Exchange Key Trunk per customer billing round.

1.04 (a) RE85028/RE85029/E3.4.2/Alberta Government Telephones

(b) Complaints by David Morse and Doreen Morse respectively alleging improper refusal of service.

(c) Order C85147 dated May 9, 1985 denied the complaints. The Board found that Alberta Government Telephones (AGT) was justified in withholding telephone service to the Morses' premises in the name of Mrs. Morse, as Mr. Morse remained an occupant of the premises and Mr. Morse's indebtedness to AGT remained undischarged.

1.05 (a) RE85045/E3.4.89-64/Alberta Government Telephones

(b) For an Order exempting Alberta Government Telephones (AGT) from the requirement to publish its competitive terminal equipment product lists and prices.

(c) (1) Decision E85113 issued October 17, 1985 approved the Application and granted the exemption, as well, to all other Non-Basic rates.

(2) The Board declared that Sections 80(a) (filing of rates requirement) and 93(1) (filing for approval of rate changes) of the Public Utilities Board Act were not to apply to AGT's Non-Basic rates.

(3) **Reasons**

(A) The Board agreed with AGT's argument that the publishing of AGT's terminal equipment list and prices was harmful and prospectively harmful to AGT and its customers and that the public interest would not suffer if the Application were approved.

(B) The Board considered that the only concern with respect to AGT's Non-Basic Services was that, on an ongoing basis, such services make a positive contribution (on a net revenue basis) to the Basic Services.

(C) The Contribution Test and Individual Profitability Tests are used to test the positive contribution and if such tests were not appropriate, could be changed.

(D) The Board did not consider the filing of AGT's competitive terminal equipment product list an aid in examining the Contribution Test, nor useful in monitoring the competitiveness of the marketplace.

(E) If a complaint is filed or for any other reason, the Board can request AGT to provide a complete record of any or every "... individual or joint rate, toll, fare or charge made, charged or enacted by (AGT) for any products supplied or service rendered within Alberta".

(F) If the Board is persuaded that any Non-Basic Service should be transferred to Basic Services, the Board can order it to be done.

1.06 (a) RE85047/E3.4.89-65/Alberta Government Telephones

(b) For an Order or Orders approving the removal of INWATS Rates from the OUTWATS Table and the restructure and rate change of 800 Service contained in Alberta Government Telephones (AGT) Filing 85-18, and in the matter of reasons for Order E85103 dated August 16, 1985 and an amendment of Order E85103.

(c) (1) Order E85103 dated August 16, 1985 approved AGT Filing 85-18 and indicated that the Board would provide a "... written statement of its decision, setting out the findings of fact on which it based its decision and the reasons for the decision."

(2) AGT, by letter dated July 29, 1985 requested the Board to make certain amendments respecting the terms and conditions of service of the Application.

(3) Decision E85110, dated September 30, 1985 provided written reasons for the approval of the Application and also approved the changes to the terms and conditions of service.

(4) The Board considered that as long as certain conditions existed, the Board in fixing just and reasonable rates between General Rate Applications could use the rate base and fair return (including the revenue requirement and the forecast revenues) approved and used by the Board in AGT's last General Rate Application. The certain conditions were:

"The Board is satisfied that,

1. the change does not involve all or substantially all of the rates of AGT;
2. the change does not require a substantial restructuring of the rates of AGT;
3. the change has no material effect on the rate base, fair return, revenue requirement, and forecast revenues approved and used by the Board in AGT's last General Rate Application;
4. the rate base, fair return, revenue requirement and forecast revenues approved and used by the Board in AGT's last General Rate Application are still appropriate to be used under current conditions;
5. the change and the resulting rates of AGT are just and reasonable and not unjustly discriminatory or unduly preferential;
6. the change would not be detrimental to the public interest;
7. there is good reason for approving the change prior to AGT's next General Rate Application; and
8. the requested changes between General Rate Applications are kept to a minimum."

(5) The Board was satisfied that the specified conditions were met with respect to the Application.

1.07 (a) RE85058/E3.4.89-67/Alberta Government Telephones

(b) For an Order or Orders approving the restructure of the Canada Alaska Toll Rate Schedule contained in Alberta Government Telephones (AGT) Filing 85-32.

(c) (1) Order E85102 dated August 16, 1985 approved AGT Filing 85-32 and indicated that the Board would provide a "... written statement of its decision, setting out the findings of fact on which it based its decision and the reasons for the decision."

(2) AGT, by letter dated July 29, 1985 requested the Board to make certain amendments respecting the terms and conditions of service of the Application.

(3) Decision E85111, dated September 30, 1985 provided written reasons for the approval of the Application and also approved the changes to the terms and conditions of service.

(4) The Board was satisifed that the eight conditions, listed in Decision E85110 (Section 1.06(c)(4) of this Appendix) dated September 30, 1985, which the Board considered must be met to alter AGT's rates between General Rate Applications, were met with respect to this Application.

1.08 (a) RE85059/E3.4.89/Alberta Government Telephones

(b) For approval to increase the Extended Flat Rate Calling surcharge on Key Trunks in the City of Edmonton from 30¢ to 45¢ (Filing 85-30).

(c) Withdrawn by letter dated June 17, 1985.

1.09 (a) RE85060/E3.4.89-68/Alberta Government Telephones

(b) For an Order or Orders approving changes to the wording in pages 76 and 85 of the Alberta Government Telephones (AGT) General Tariff for Basic Services (Exchange Service) relating to Local Channel Service.

(c) (1) The Board, by Order E85106 dated September 5, 1985, approved the Application effective September 5, 1985.

(2) The Board was satisfied that the proposed changes did not involve a change to AGT's existing rates, tolls, or charges, helped clarify the conditions of Local Channel Service to AGT's customers, and that the "standards, classifications, regulations, practices, measurements or service" and the rates set out in pages 76 and 85 of AGT's "General Tariff - Basic Services (Exchange Service)", as amended by the Application, were just and reasonable.

(3) The Application amended the appropriate "General Tarrif - Basic Services (Exchange Services)" approved in Decision E85046 dated April 11, 1985.

1.10 (a) RE85062/E3.4.89-69/Alberta Government Telephones

(b) For an Order or Orders approving new terms and conditions of service for Automatic Dial - Announcing Device (ADAD) Service to be included in Alberta Government Telephones' (AGT) "General Tariff - Basic Services (Exchange Service)".

(c) (1) The Board, by Order E85107 dated September 5, 1985, approved the Application effective September 5, 1985.

(2) The Board was satisfied that the proposed terms and conditions of service were just and reasonable.

(3) The Application amended the appropriate "General Tariff - Basic Services (Exchange Services)" approved in Decision E85046 dated April 11, 1985.

1.11 (a) RE85078/E3.4.89-67/Alberta Government Telephones

(b) For an Order or Orders approving the restructure of and a change in the Alberta-Northwest Message Toll Rates, contained in AGT Filing 85-55.

(c) (1) Decision E85126 dated October 30, 1985 approved AGT's Application.

(2) The Board was satisfied that the eight conditions, listed in Decision E85110 (Section 1.06(c)(3) of this Appendix) dated September 30, 1985, which the Board considered must be met to alter AGT's rates between General Rate Applications, were met with respect to this Application.

SECTION 2: PUBLIC UTILITIES
Electric

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER	APPLICATION PARTICULARS
	(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
	(b) SUBJECT MATTER
	(c) DISPOSITION/REFERENCE

2.01 (a) RE84107/E3.5.89-45/Alberta Power Limited

(b) The Board proceeding on its own motion pursuant to Section 81 of the Public Utilities Board Act for the purpose of fixing just and reasonable rates, charges or schedules thereof for electric light, power or energy furnished by Alberta Power Limited (APL) to its customers within Alberta.

(c) (1) **General**

(A) A Pre-Hearing Conference was held December 18, 1984. Order E85004 dated January 17, 1985 dealt with certain items arising from the Agenda, including a determination of 1984 and 1985 as the appropriate test years, the requirement for APL to file forecast data for the two test years and to update with actuals when available, and the setting of certain rules and guidelines with respect to costs.

(B) Order E85012 dated January 17, 1985 also dealt with issues raised at the Pre-Hearing Conference, respecting the effect of the November 13, 1984 amendments to the Public Utilities Board Act (the PUB Act) and the Electric Energy Marketing Act (the EEM Act) on the price at which APL should sell electric energy to the Electric Energy Marketing Agency (the Agency) in 1984. The Board considered that pursuant to Section 13.1 of the EEM Act it had the responsibility to set an APL price to the Agency for 1984. In setting such a price, the Board considered that it was within its legal mandate to set the same price or a single price to be applicable to the consumer groups that the regulations respecting the EEM Act would establish. Accordingly, the Board directed APL to file with the Board, by February 1, 1985, the information necessary for the Board to set an APL price to the Agency for 1984.

(C) Phase I Decision E85144 dated December 20, 1985 determined a rate base, fair return, total electric utility revenue requirement and other matters for each of the test years 1984 and 1985.

(2) **Test Years**

(A) **Validity of 1984 as a Test Year**

The Board determined that by Section 81 of the PUB Act, the Board had the authority to initiate a proceeding to determine just and reasonable rates. The Board further determined that it had initiated such a proceeding by the passing of a Board resolution and publication and service of Notice during November of 1984. The pre-hearing conference of December 18, 1984 further advanced the proceedings initiated. Therefore, the Board rejected APL's contention that the proceedings were not initiated prior to January 17, 1985 and were beyond the fiscal year of APL as a consequence.

(B) **Extent To Which The Board Should Recognize Actual Data For 1984**

The Board considered that the 1984 forecast as presented by APL created a circumstance in which the Board felt it was compelled to have some regard to actual or historical data. Therefore, the Board had reference to the use of APL's 1984 actual data appropriately adjusted by the Board for the purpose of determining the 1984 revenue requirement.

The Board further considered that Decision E85015 dated February 21, 1985 setting the price at which APL shall sell electric energy to the Agency in 1984 did not in any way bind, affect or prejudice the Board in its consideration of the 1984 test year. Accordingly, the Board rejected APL's contention that 80% of its 1984 revenue requirement had been determined as a consequence of that Decision.

(3) **Rate Base**

(A) **Gross Plant-in-Service**

(i) Sheerness and Red Deer Coal Leases - The Board considered certain coal leases transferred to rate base in 1982 to be not used or required to be used to provide service to the public within Alberta. Accordingly, $1,536,000 was removed from 1984 actual and 1985 forecast rate base and placed in Plant Held for Future Use (PHFFU).

(ii) Company Housing - The Board considered $2,000,000 related to housing at Sheerness in 1985 to be not used or required to be used to provide service to the public within Alberta. Accordingly, Gross plant-in-service was reduced by $2,000,000 for 1985.

(iii) Standard Life Move - The Board reduced 1985 forecast Gross plant-in-service by $1,240,000 which APL forecast would be the cost of moving employees from its Standard Life premises to the CU Centre. The Board noted that APL forecast the costs of such a move but did not forecast any revenue from sub-leasing the Standard Life property. The Board considered the bulk of such costs to be in the nature of deferred operating expenses, with the exception of minor leasehold improvements, which should be expensed over a reasonable period when APL is certain such a move will take place.

(iv) Michichi Creek - Carbon Transmission Line - The Board excluded $2,949,000 from 1985 Gross plant-in-service since it was not probable that this project would be used or required to be used to provide service to the public within Alberta. The Board noted that APL had not updated its 1985 forecast to reflect such changes.

(v) Capital Additions - General - The Board considered that in future APL should provide information on its major capital expenditures by cost component including details respecting forecast and actual labour, materials, contracted services, Allowance for Funds Used During Construction (AFUDC) and capitalized overheads.

(B) **Accumulated Depreciation and Depreciation Provisions**

(i) Change in Salvage Rates for 1985 - The Board considered it appropriate for APL to review salvage rates based on new information arising from more accurate tracking of costs of dismantling and from the correct determination of gross salvage. The Board considered APL's study supporting proposed changes in salvage rates to be deficient because it was based on 2 years data, a small sample size, and while a major portion of salvage material was valued for purposes of the salvage study at zero value it was valued at replacement costs for inventory purposes. Accordingly, the Board rejected APL's proposed salvage rates for 1985.

(ii) Depreciation on Thermal Generation Plant - The Board considered that on balance it would be appropriate to depreciate APL's steam generation plant using a 35R4 curve (instead of a 30R4 as proposed by APL) as an interim measure pending on the availability of data to determine the depreciation rate for steam generation plant on an individual unit basis.

(iii) Tolerance Limit For Amortization of Depreciation Reserve Differences - The Board determined that APL should limit its correction procedures for amortization of depreciation reserve differences to those accounts which differed by more than plus or minus 5%. APL had corrected all accounts for the difference between theoretical and booked reserves.

(iv) Annual Depreciation Filings - The Board considered that APL should be required to make certain annual depreciation filings with the Board in the same manner as required for Canadian Western Natural Gas Company Limited (CWNG), Northwestern Utilities Limited (NUL) and others.

(C) **Necessary Working Capital (NWC)**

(i) Method of Calculating NWC - APL forecast its allowance for NWC based on a lead-lag study. Two Intervenors, Industrial Power Consumers Association of Alberta (IPCAA) and the Board of Governors of Lakeland College, Fort McMurray Regional Hospital, Keyano College, Queen Elizabeth II Regional Hospital and Fairview College (the Colleges) proposed the use of the balance sheet method as a means to reduce the difference between the rate of return on deemed equity and book equity. The Board considered that the rejection of the balance sheet approach in Decision E81028 was as a consequence of the simplicity of the method as proposed at that time and the Board accepted that the approach by the Colleges and IPCAA provided a more comprehensive approach to determining NWC than previous methods. The Board rejected the Intervenors' proposal for purposes of this Decision because it was based on insufficient data. The Board directed APL to submit at its next General Rate Application (GRA) its determination of NWC based on a balance sheet method no less comprehensive than that proposed by the Intervenors, considering thirteen monthly balance sheets. The Board further considered that APL may wish to also submit a lead-lag study and a reconciliation of the differences in working capital determined by the two methods.

(ii) Lead-Lag Study - The Board adjusted APL's lead-lag study to reflect changes the Board considered appropriate including increasing the lag on payroll deductions to 30 days from 15 days, lag on receipt of revenue from inter utility sales to 48.5 days from 54.66 days and the lag in receipt of revenue from Rural Electrification Associations (REA) sales to 78.4 days from 88.6 days. As a consequence of these adjustments, the net lag on cash operating expenses was determined to be 14 days in 1984, compared to 15 per APL and 16 days in 1985 compared to 18 per APL. Income tax lag was reduced by 1 day to 25 days in 1985. In addition, the Board stated that it considered Bond Interest and Preferred Dividends to be part of the Company's cash flow. However, the Board did not consider it appropriate to adjust the lead-lag study for these items without giving due consideration to all items of Company cash flow, that would have an impact on the lead-lag study. The Board further stated that it expects APL, in responding to the Board's direction to submit its determination of NWC based on the Balance Sheet method at its next GRA, to appropriately reflect any lag associated with the payment of Bond Interest and Preferred Dividends in the reconciliation with the lead-lag working capital calculations.

(iii) Fuel Inventory - The Board noted that APL projected fuel inventory by trending the composite historical balance, and that 1985 forecast amounts included some coal purchased for the Sheerness generating station. The Board considered this component to be a part of Construction Work in Progress (CWIP). Accordingly, the Board allowed a 5% inflation increment to 1984 year end coal inventory. The Board further adjusted fuel inventory for the H.R. Milner generating station discussed in the Cash Operating Expenses portion of this summary.

(iv) Error Correction With Respect To 1984 NWC -APL conceded it had erred in calculating the NWC component for actual 1984 results by using 26 and 36 day lags, respectively for cash operating expenses and income taxes instead

of 15 and 25 days, respectively. The Board corrected this error in determining APL's 1984 NWC requirement.

(4) **Fair Return**

(A) **Capital Structure**

The Board considered that APL had not included all appropriate long term debt in its capital structure since APL excluded the current portion of long term debt. The Board considered this debt to include debt due within one year to Canadian Utilities Limited (CUL), dragline lease payments due within one year to CUL and turbine financing due within one year to CUL. Accordingly, the Board added these components to long term debt forming APL's capital structure. The Board further adjusted APL's common equity balances in 1984 and 1985 to reflect surplus earnings from existing rates. In addition, the Board removed the full amount of APL's proposed rate stabilization account ($11,075,000) from no cost capital in 1985.

(B) **Cost of Debt**

The Board considered APL's forecast cost of incremental debt to be above that which could be expected in 1985 and allowed an incremental cost rate of 11.50% adding a further 25 basis points for underwriting and issue costs. The Board's calculated embedded cost rate for debt of 11.79% included adjustments in 1985 as a consequence of increasing long term debt due to addition of the current portion and use of a lower debt rate than forecast by APL for incremental debt.

(C) **Cost of Preferred Shares**

The Board considered 8.0% to be the appropriate cost rate for incremental preferred shares as compared to APL's submission of 9.5%. After allowing for underwriting and issue costs the Board determined 8.50% to be the embedded cost of preferred shares for new issues in 1985 and determined the average embedded cost rate of 10.4% for the portion of rate base deemed to be financed by preferred shares.

(D) **Cost of Common Equity**

(i) Fair Return on Common Equity For 1984 - APL forecast a return on deemed equity in 1984 from existing rates of 13.70%. APL actually earned 18.98% on deemed equity. APL attributed the additional earnings to improvements in efficiency as a result of its restraint program and unanticipated sales. The Board considered forecast error to be a significant further source. As a result, the Board considered that there should be a sharing of additional earnings between ratepayers and shareholders. The Board adopted an Intervenor proposal to allow a 17.0% return previously granted to APL in 1982 and refund the surplus above this rate. The Board recognized that 17.0% return is above the fair return that would have been awarded prospectively for the 1984 test year. However, the additional return recognized efforts of APL management in implementing cost control measures during 1984.

(ii) Fair Return on Common Equity For 1985 - APL submitted a rate of return on common equity deemed to finance rate base of 15.75% for 1985 which would prospectively yield a return of 16.74% on book equity. Dr. Waters, appearing on behalf of the Municipal Intervenors recommended a rate of return on book equity of 14 - 14¾%. The Board approved a rate of return on common equity deemed to finance rate base of 14.75% in 1985 which could prospectively be expected to yield 15.25% on book equity.

(iii) Difference Between Deemed Equity and Book Equity -Dr. Waters for the Municipal Intervenors recommended a rate of return on deemed equity of 12.3 - 12.6% for 1985. This recommendation reflected an adjustment to fair return to reflect the amount by which APL's forecast and actual return on book equity varied on average over the period 1977 - 1984. The Board considered that this was inappropriate because it resulted from both structural differences and forecast errors. The Board considered forecast error to be a matter which should be dealt with in its deliberation on an appropriate revenue requirement and not in the context of a reduced return. The Board considered there were several reasons contributing to the structural differences between return on deemed equity and book equity. The Board directed APL to address the amount and impact several items have on the difference at its next GRA. Items identified by the Board as contributory included timing of capital issues, regulatory convention of using mid-year, concerns related to NWC, utility capital structure, the method of calculating AFUDC (on construction holdbacks and accounts payable) and revenues from non utility/jurisdictional assets.

(5) **Electric Utility Revenue Requirement**

(A) **Cash Operating and Maintenance Expenses**

(i) **General**

1984 - The Board considered that certain expenses in 1984 (actual) reflected abnormal receipts or expenditures as a consequence of rebates or deferrals. To properly reflect 1984 normal conditions the Board adjusted Workers' Compensation to remove the impact of a merit rebate in 1984, Electric Utility Planning Council Expense to reflect recovery of expenses associated with prior years, and Coal Lease land rentals to reflect a rebate for 1983

rentals. In addition, the Board increased actual Generation Expense in 1984 to reflect the deferral of some $1 million in operating and maintenance expenses to 1985. The Board considered other adjustments for 1984 in specific categories of expenses (identified in items (ii) -(ix) of this section).

1985 - Intervenors submitted that APL's forecast for 1985 did not properly reflect 1984 actual results and information known to APL early in the test year. The Board examined the reasonableness of APL's 1985 forecast cash operating and maintenance expenses in light of APL's budget process, the continuation of the restraint program, rate of growth, inflationary increases and available evidence respecting specific increases for 1985.

(ii) **Generation Expense**

Take or Pay Coal Contracts - The Board stated that it appreciated APL's concerns respecting confidentiality but that coal costs represented a significant portion of APL's operating costs and that the Board must be satisfied costs are reasonable and would consider these facts in assessing coal costs.

Fuel Costs at H.R. Milner - The Board noted that 1985 forecast unit coal costs for the H.R. Milner (Milner) plant represented an approximate 65% increase in cost over 1984 which APL stated to be as a result of improved coal quality. The Board further noted that although forecast coal deliveries to Milner reflected the increased heat value, the coal consumption forecast was based on a marginal improvement in heat value.

The Board considered that cost increases for higher quality coal should be accompanied by increases in average heating value. Cost increases for improved quality of coal deliveries should be reflected in inventory until such time as the coal is actually consumed at the plant. Considering all these facts, the Board allowed a 20% increase over 1984 "variable" costs and allowed "fixed costs" as forecast. The Board recognized that coal deliveries in 1985 have a higher heat value and that ultimately this improvement would be passed on to the customers. Therefore, the Board allowed the reduction in coal expense ($980,000) to be added to fuel inventory and NWC allowed on it in 1985.

(iii) Bad Debt Write-Off - The allowance for bad debts was based on 1984 forecast data and APL did not provide any reasons why the amount should exceed the 1984 actual percentage of revenue. The Board reduced Bad Debt Write-Off by $115,000 reflecting .0015% of revenue compared to .0019% originally forecast by APL.

(iv) Change in Overhead Capitalization - APL submitted that it had changed its method of allocating overhead to capital in its 1985 forecast which made a comparison with 1984 actual meaningless. The Board considered that although APL had provided reasons for the change, they had failed to demonstrate that the magnitude of the change was appropriate. The Board, therefore, rejected the entire amount of the change ($763,000).

(v) Public And Consumer Information - APL's 1985 forecast included a 17% increase due to manpower in this account from 1984 (actual). The Board considered that APL failed to provide reasons why an increase in manpower was required, considering APL stated that restraint measures in 1984 would be continued in 1985. The Board allowed a 5% increase for 1985 over 1984 (actual).

(vi) **CUL Charges**

Corporate Services - The Board accepted APL's reasons for significant increases in corporate services from 1984 (actual) to 1985 (forecast). Increases primarily resulted as a consequence of adding manpower.

Officers' Salaries - Intervenors submitted that nothing had changed in the activities of CUL and APL to justify substantial increases in this account from 1984 (actual) to 1985 (forecast). The Board further noted that part of the increase resulted from a change in the accounting procedures. The Board considered that any such change should be identified and justified and that APL did not provide such evidence. The Board reduced 1984 (actual) expense by $100,000 and 1985 (forecast) by $105,000.

ATCO Management Fee - The Board considered that contrary to its direction in Decision E82194 to "provide evidence that the management fee provided tangible benefits to APL", APL failed to provide such evidence. The Board rejected the full amount of $85,330 for 1984 (actual).

(vii) Head Office Rental - The appropriateness of the terms of CUL's lease agreement with ATCO Housing and Development (ATCO H.D.), an associated company of CUL was the subject of considerable examination by the Board and Intervenors.

The Board noted that there was no evidence to indicate that CUL called for competitive bids with respect to office space in the CU Centre before entering into Offers to Lease with ATCO H.D., in December, 1981 and November, 1982. The evidence indicated the average rental rate of $18.72 in December 1981 did not reflect the average rental rate of $15.91 outlined by CUL's real estate consultant as being the most prob-

able market rate at that time. The average rental rate for comparable buildings was indicated to be about $3.00 per square foot lower with an additional $1.50 per square foot discount due to location applicable to the CU Centre. In August, 1981, the Provincial Government leased 80% of the Standard Life Building at $12 per square foot. The Board considered it appropriate to allow a consultant recommended 15% escalation rate to arrive at a comparable rent for occupation in 1983 of $15.87 per square foot.

The Board considered that when CUL entered into a second Offer to Lease in November, 1982 it had the opportunity to negotiate a rental rate reflecting market conditions at that time with respect to additional space of about 100,000 square feet with an average market rate of $12-$15 per square foot.

The Board concluded that considering both leases a fair and reasonable rental rate to be paid by APL in the CU Centre is $13.70 per square foot. The Board further considered that APL was imprudent to contract to pay for an "extra" floor in the CU Centre when it was already committed to, and occupying, equal space in the Standard Life Building. The Board disallowed $286,000 for both 1984 and 1985 to recognize space not required to be used. The Board considered that a 5% management fee was inappropriate and agreed with an Intervenor's witness that 2.5% was more reasonable.

The Board was not satisfied that CUL acted in the best interests of its utility subsidiaries and their customers in negotiating their lease contracts with ATCO H.D. The Board was not persuaded that it was necessary for APL to be located on the edge of the Edmonton financial district. Further, the Board considered that CUL had not considered alternative landlords or joint ownership by its subsidiaries.

As a consequence of all these factors, the Board reduced head office rental by $742,000 in 1984 and $741,000 in 1985.

(viii) Rate Hearing Costs - The Board determined APL's revenue requirement excluding rate hearing costs pending the determination of costs at a forthcoming cost hearing.

(ix) Administration Salaries & Expense - The Board was not satisfied that a 12% increase in this expense was reasonable. APL failed to demonstrate to the Board that it was appropriate in view of the continuation of the restraint program into 1985. The Board allowed a 4% increase over 1984 (actual) for the 1985 (forecast) expense. Accordingly, the Board reduced 1985 forecast expense by $600,000.

(B) **Non-Cash Operating Expenses**

As a result of, and for reasons outlined in the "Accumulated Depreciation" portion of the summary, the Board reduced non-cash operating expenses in 1984 by $3,081,000 and in 1985 by $4,093,000.

(C) **Income Tax**

The Board adjusted income taxes to reflect changes in return on preferred shares and common equity.

(6) **Electric Utility Revenues**

(A) **1984 Revenue Surplus**

The Board calculated the revenue surplus for 1984 to be $13,255,000 based on the Utility Revenue Requirement of $307,967,000 and 1984 Utility revenue of $321,222,000.

(B) **1985 Revenue Surplus**

The Board accepted APL's 1985 forecast of revenues. The Board calculated the revenue requirement for 1985 to be $305,207,000 and utility revenue to be $334,294,000 resulting in a surplus from existing rates of $29,087,000.

(C) **Rate Stabilization Account**

APL proposed that the amount by which 1985 forecast revenue from existing rates exceed 1985 utility revenue requirement should be placed in a rate stabilization account which could be applied to any future increases. Funds in this account would be included in No Cost Capital.

The Board agreed with APL that it should give consideration to suggestions which would reduce future rate increases and promote rate stability but that in this instance APL had failed to demonstrate the need for such an account, the benefit to its customers or whether current legislation would permit it. The Board denied APL's proposed rate stabilization account and removed $11,075,000 from No Cost Capital in 1985.

(D) **Revenue Surplus**

The Board considered the total revenue surplus for the test years to be $42,342,000. As a consequence of Rider "J" in effect from July 1, 1985 onward, an amount of $4,653,000 had been refunded to November 30, 1985 and would reduce the surplus accordingly.

The Board directed APL to file a schedule of proposed rates, tolls and charges that would, if effective January 1, 1985, generate the utility revenue requirement for 1985 and to file proposed credit rider(s) to refund the surplus over a reasonable period in 1986.

2.02 (a) RE84123/E3.5.3-1/Alberta Power Limited

(b) Application by the City of Calgary for an Order setting the price at which APL shall sell electric energy to the Alberta Electric Energy Marketing Agency in 1984.

(c) Application withdrawn by the City of Calgary by letter dated January 29, 1985 pursuant to Board Decision E85012 dated January 17, 1985 which dealt with the substance of the City of Calgary's Application.

2.03 (a) RE85005/E3.5.89-46/Alberta Power Limited

(b) For an Order approving a change in rates charged to certain large industrial customers through the implementation of Rate Rider I.

(c) Approved/E85020 dated January 20, 1985. Rate Rider I would provide a change in rates to certain large demand industrial customers that have the capability of controlling their demand. Rider I would apply to the months of December 1984 and January 1985 only.

The Board considered it appropriate to implement the requested Rider I on an interim recoverable basis without formal notice, since it was a matter of urgency if the rate change were to be of any benefit in December 1984 and January 1985. The Board further considered that Intervenors would have ample opportunity to review its appropriateness at the Phase II Hearing of the current Alberta Power Limited General Rate Proceeding.

2.04 (a) RE85016/E3.5.3-1/Alberta Power Limited

(b) The Board proceeding pursuant to the Electric Energy Marketing Act (EEM Act) to set the price or pricing formula at which Alberta Power Limited (APL) shall sell electric energy in 1984 to the Electric Energy Marketing Agency (the Agency).

(c) Approved/E85015 dated February 21, 1985 as amended by E85037 dated February 26, 1985.

(1) The Board was not persuaded by any information filed by APL that take or pay coal contracts together with related revenue offsets should be treated as fixed costs at this time.

(2) In setting the 1984 APL price to the Agency the Board considered that it would not be inconsistent with Section 13.1(3) of the EEM Act to set the same price or a single price to be applicable to APL's consumer groups.

2.05 (a) RE85017/E3.5.3-2/Alberta Power Limited

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which Alberta Power Limited shall sell electric energy to the Electric Energy Marketing Agency during 1985.

(c) Approved/E85029 dated February 21, 1985.

2.06 (a) RE85030/E3.5.89-47/Alberta Power Limited

(b) (1) For an Order or Orders approving rates, tolls and charges for the test year 1985 and 1986.

(2) To vacate its 1986 test year application.

(c) By Order E85131 dated November 29, 1985 the Board allowed Alberta Power Limited to vacate its application respecting the 1986 test year.

2.07 (a) RE85037/E3.5.3-1 R.V./Alberta Power Limited

(b) Application by the City of Calgary for a review and variance of Board Decision E85015 dated February 21, 1985.

(c) In process at year-end.

2.08 (a) RE85044/E3.5.89-48/Alberta Power Limited

(b) Application by the Cities of Lloydminster and Grande Prairie, the Towns of Peace River, Slave Lake and Vegreville (Municipals) for an Order or Orders of the Board fixing just and reasonable rates, tolls and charges for electric light, power or energy supplied and services rendered to be charged by Alberta Power Limited to its customers.

(c) **General**

(1) Decision E85092 dated July 8, 1985 determined interim refundable rates to be imposed, observed and followed by APL on and after July 8, 1985 with respect to all billings rendered on and after that date for electricity consumption on and after July 1, 1985;

(2) The Board was persuaded by arguments advanced by Intervenors that the current rates would generate revenues in excess of APL's costs for the test period 1984 through 1985;

(3) The Board noted that APL's own evidence identified that revenue would exceed costs of APL for 1985 and considered that rates should be decreased to reflect this imbalance;

(4) The Board considered that it was premature at this time to reflect on the extent to which actual results should be used in a determination of the indicated excesses of revenue over costs for the test period 1984 through 1985;

(5) Rider "J" provided for a 4.25% across the board decrease in rates with no fixed termination period;

(6) The Board considered it inappropriate to implement on an interim basis any restructuring of rates, pursuant to the Electric Energy Marketing Act, for 1985, prior to the full examination of the restructured rates proposed by APL in the current General Rate Proceeding.

2.09 (a) RE85083/E3.5.3-3/Alberta Power Limited

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which APL shall sell electric energy to the Electric Energy Marketing Agency during 1986.

(c) Approved/E85119 dated October 25, 1985.

2.10 (a) RE85093/E3.5.87(1)(e)-26/Alberta Power Limited

(b) For an Order approving the purposes of and authorizing the issue of 3,800,000 cumulative redeemable Second Preferred Shares, Series K to Canadian Utilities Limited.

(c) Approved/E85137 dated December 12, 1985.

2.11 (a) RE84073/E3.8.89-5/Southern Utilities Company Limited

(b) For an Order or Orders of the Board approving changes in existing rates, tolls or charges for electric light, power or energy supplied and related services rendered to its customers within Alberta.

(c) (1) **General**

(A) Decision E85002 dated January 4, 1985 determined a utility rate base, fair return, revenue requirement and the rates to be charged to Southern Utilities Company Limited's (Southern) customers using 1984 and 1985 as test years.

(B) Order E85016 dated January 23, 1985 changed cer-

tain wording on the rate schedule contained in Decision E85002 with respect to the penalty charge to conform to the wording printed on Southern's bills.

(2) **Utility Rate Base**

(A) The Board considered that Southern should record all plant retirements at original cost or the Company's best estimate of original cost. Southern had not recorded all retirements in previous years.

(B) The Board considered that Southern should include the assets related to Contributions in Aid of Construction (CIAC) as part of mid-year rate base and amortize them at the same rate as the assets they were financing were depreciated. Southern had netted off all CIAC against the capital expenditures they were associated with.

(C) The Board considered one-eighth of cash operating expenses excluding purchased power and foreign exchange costs to constitute an appropriate allowance for necessary working capital.

(3) **Fair Return**

(A) After considering Southern's lack of long term debt the Board determined that for the purposes of this Decision a deemed capital structure of 25% debt, 75% equity was appropriate, excluding that portion of the rate base financed by CIAC.

(B) The Board considered that since Southern's forecast for 1984 was based on 6 month actual results and 6 month forecast results a somewhat lower return on debt and equity was appropriate. Accordingly, the Board considered a deemed debt return of 15% and a return on deemed common equity of 16% for 1984 and 15.5% for deemed debt and 16.5% for deemed equity to be appropriate for 1985.

(4) **Utility Revenue Requirement**

(A) The Board considered it possible that Southern's power supplier, Marias River Electric Cooperative (Marias), a Montana based electric cooperative, had not met the terms of its contract with Southern and the Board directed Southern to investigate and report on the matter.

(B) The Board denied Southern's request that foreign exchange costs on purchased power be collected by a reconciled rider.

(C) The Board reduced Southern's requested cash operating expense by $3,810 in 1984 and $3,960 in 1985. The Board was not persuaded that Southern had provided sufficient evidence to support its forecast vehicle expense and reduced it by $3,750 in 1984 and $3,900 in 1985.

(D) The Board accepted Southern's forecast wage and salary expense, but directed Southern to maintain an employee time log for presentation at its next general rate application.

(E) The Board recalculated income tax expense for 1984 and 1985 to take into account the adjustments to return made in this Decision.

(5) **Rates**

(A) The Board accepted Southern's proposed rate design for 1985, in which the rate differential between its commercial and residential customers was reduced.

(B) The Board adjusted the proposed commodity rates and street lighting rates proportionately to reflect the lower utility revenue requirement. The Board did not adjust commercial demand rates proposed by Southern. The rates were approved for consumption on and after January 1, 1985.

(C) The Board approved a 15.8% deficiency rider to be applied to all billings for consumption from January 1, 1985 to August 31, 1985 to allow for collection of the 1984 revenue deficiency.

(6) **Other Matters**

The Board was not satisfied that continuing to purchase power from Marias would necessarily be in the best interest of Southern's customers and directed Southern to investigate details of an alternate supply from TransAlta Utilities Corporation.

2.12 (a) RE85061/E3.8.2 T.D. 1/Southern Utilities Company Limited

(b) Complaint by the Village of Coutts (Coutts) concerning proposed charges for the disconnection of certain street lights.

(c) Decision E85128 set out the current position of the Board on the various issues raised at the hearing. No Order was issued as the Village had not decided whether it wished to proceed with the street light disconnections.

The Board found that it would be just and reasonable that Coutts should pay the costs of disconnection, as defined in the Decision. It appeared to the Board from a good housekeeping and safety standpoint that the assets being put out of service should be removed. However, it was considered that the cost of removal of pole #1 should not be charged to Coutts, as the cost was being incurred to improve the electrical system generally.

The Board also considered that Southern Utilities Company Limited (Southern) should not charge Coutts for the Company's labour and equipment used in the proposed removal, as labour and equipment costs had been included in the Company's Revenue Requirement as determined in Decision E85002, and Southern did not demonstrate that additional manpower or overtime would be required. However, the Board did consider that the actual costs of removal, including the services of a contractor, should be paid for by Coutts.

It was also pointed out that the Board would have to examine the proper treatment of the undepreciated capital costs associated with these street lights and the loss of revenue resulting from their disconnection at the time of Southern's next General Rate Application, if the Village decided to proceed with the disconnection.

2.13 (a) RE82125/E3.6.87(1)(g)-5/TransAlta Utilities Corporation

(b) For an Order amending Board Decision E84116 dated October 12, 1984.

(c) E85035 dated March 13, 1985 amended Board Decision E84116 to properly reflect the Board's determination with

respect to the transfer of the unamortized customer contributions collected by TransAlta Utilities Corporation (TransAlta) from customers in a service area that is now being serviced by the City of Edmonton (Edmonton). The amount that the Board had ordered TransAlta to transfer to Edmonton was reduced from $1,718,284.03 to $1,337,085.00 after both TransAlta and Edmonton informed the Board that the 1982 Edmonton Service Area Transfer Agreement should be amended to properly reflect the intention of both parties.

2.14 (a) RC83798/E3.6.89-11/TransAlta Utilities Corporation

(b) For approval of a change in rates, charges or schedules thereof for electric light, power or energy and related services rendered to its customers within Alberta.

(c) (1) **Interim Order**

(A) Responding to the Board's direction in the general rate application Phase I Decision (Decision E84140 dated November 27, 1984) for the 1984 test year, TransAlta Utilities Corporation (TransAlta) filed an application for interim rates and terms and conditions of service (the interim application) pending the fixing of final rates and terms and conditions of service by the Board for the 1984 test year.

(B) The interim application was heard at the Board's Office in Calgary on December 21, 1984.

(C) Interim Decision E85006, dated January 11, 1985, fixed and approved on an interim basis:

(i) a schedule of annualized rates effective February 1, 1985, as proposed by TransAlta, based on the 1984 total electric utility revenue requirement determined by the Board in Decision E84140.

(ii) a general rate rider to collect, on a forecast basis, the 1984 revenue deficiency of $12,878,000. The Board approved collection of the deficiency over a four month period of consumption (February 1 to May 31, 1985), longer than the 2.5 month period proposed by TransAlta.

(iii) changes in TransAlta's terms and conditions of electric service.

(D) The Board did not accept the argument made by the Alberta Union of Rural Electrification Association (REAs), a registered intervenor, that the Board must recognize the November, 1984 changes to the Public Utilities Board Act, particularly with regard to consumer group categories and consumer group prices. The Board considered that its Decision properly reflected the Act, as it existed at the time of the hearing of the interim application in December, 1984, and that to reopen the matter of TransAlta's 1984 general rate application would not have benefited any party.

(E) At the time of this interim application, TransAlta had filed notice of application to the Court Of Appeal for Leave to Appeal that part of Decision E84140 which required TransAlta to bring into its revenue over a two year period the net proceeds of the disposition of part of its plant located within an area annexed by the City of Edmonton. Accordingly, in this interim application TransAlta applied for contingent approval of a special rate rider to recover the proceeds. The Board considered it inappropriate to deal with this application until such time as TransAlta has received a favourable judgement on the Appeal, and adjourned the application for a special rate rider sine die.

(F) Respecting Final Rates, the Board stated:

"The Board considers that if TransAlta makes application to have these herein approved Interim Rates, Tolls and Charges made Final, and after 30 days from the date of that application no Intervenor registered in these proceedings makes a written request to the Board to hold a Phase II hearing of the General Rate Application, the Board may issue a Final Decision without further hearing."

(2) **Final Order**

(A) On April 26, 1985, TransAlta applied to have the Interim Rates, Tolls and Charges made Final. Prior to TransAlta's application the REAs advised that they preferred to have TransAlta proceed with a full Phase II hearing. On July 9, 1985, the REAs advised that they no longer wished to have TransAlta proceed with a Phase II hearing. No other Intervenor responded to TransAlta's application for approval of Final Rates, Tolls and Charges.

(B) Decision E85096 dated July 23, 1985, fixed and approved as final, the interim rates, tolls or charges and levies approved by Interim Decision E84006 dated January 13, 1984 and by Interim Order E84067 dated May 1, 1984 for the periods in which they were in effect and fixed and approved as final, the rates, tolls or charges and levies approved by Interim Decision E85006 dated January 11, 1985 with respect to all billings made on and after February 1, 1985 for consumption on and after February 1, 1985.

In addition, the Terms and Conditions of Electric Service approved on an interim basis by Interim Decision E84006 were approved as final for the period they were in effect and the Terms and Conditions of Electric Service approved on an interim basis by Interim Decision E85006 were approved as final, effective February 1, 1985.

(C) **Rates**

Board Decision E84006 approved the continuation into 1984 of the base rates approved in Decision E83150 dated October 31, 1983. Rates approved in Decision E83150 were subsequently finalized in Decision E84070, the Board's Phase II Decision respecting TransAlta's 1983 General Rate Application. In that Decision the Board stated it was satisfied with the methodology and use made by TransAlta of its Cost of Service Study in the design of its rates. The Board determined that the rates that were in effect on an interim refundable basis for

1983 were just and reasonable and not unjustly discriminatory or unduly preferential.

Thus the base rates which were approved on an interim refundable basis effective January 1, 1984 were considered to be just and reasonable for the last two months of 1983. The Board considered it unlikely that there would be any significant changes in TransAlta's Cost of Service Study or its rate design criteria which would necessitate changes in rate structure for 1984. That reasoning also applied to the 1.81% "across-the-board" increase in rates allowed in Decision E85006 which was to generate on an annualized basis, the 1984 forecast Total Electric Utility Revenue Requirement allowed by the Board in Decision E84140, and to the Revenue Deficiency Rider approved in Decision E85006 to recover the 1984 revenue deficiency.

(D) **Terms and Conditions of Electric Service**

There was no evidence adduced at the interim hearings nor argument that TransAlta's proposed changes to the Terms and Conditions of Electric Service were not just or reasonable. Accordingly the Board confirmed, as final, the Terms and Conditions of Electric Service.

(E) **Outstanding Directions**

The Board considered it appropriate for TransAlta to address, in Phase II of its current (1985) General Rate Application, the directions contained in Decision E84070.

(F) **Special Rate Rider**

The Board confirmed that TransAlta's application for a Special Rate Rider (adjourned sine die by Decision E85006) remained adjourned sine die. TransAlta requested that the Rider take effect in the event of a successful appeal by TransAlta of Decision E84140 which required TransAlta to bring into its revenue over a two year period the net proceeds of the disposition of part of its plant located within an area annexed by the City of Edmonton. In the application for approval of final rates, TransAlta requested approval of the Special Rate Rider on an interim basis or confirmation that the application remained adjourned sine die. The Board continued to consider it inappropriate to deal with the application until such time as TransAlta had received a favourable judgement on the Appeal.

(3) **Costs Decisions**

(A) In E85022 dated February 19, 1985, the Board determined and fixed the amount of Phase I Intervenors' Costs to be paid by TransAlta.

The Board approved Intervenors' cost claims from the City of Red Deer, the REAs (adjusted to include transcript costs incorrectly included in the 1984 TransAlta Alberta Electric Energy Marketing Agency hearings costs claim), the Industrial Power Consumers Association of Alberta and W. Arsene as submitted.

The City of Calgary's (Calgary) costs claim was reduced by $817.76 as the Board reduced the in-house photocopying rate claimed by Calgary from 30¢ per copy to 20¢ per copy.

The Alberta Association of Municipal Districts and Counties and Roundhill Dodds Agricultural Protective Association's costs claims were denied. The Board considered that neither Intervenor advanced any argument which bore upon the Decision, nor did they produce any evidence which was of use to the Board or merited consideration.

(B) In E85115 dated October 28, 1985, the Board determined and fixed the amount of Intervenors' costs, incurred subsequent to the Phase I hearings, to be paid by TransAlta.

The Board approved the City of Calgary's and the City of Red Deer's costs claims for payment as submitted by those Intervenors.

2.15 (a) RC83855/E3.6.89-12 (Costs)/TransAlta Utilities Corporation

(b) For an Order setting the price at which TransAlta Utilities Corporation (TransAlta) shall sell electric energy to the Alberta Electric Energy Marketing Agency during 1984.

(c) (1) Order E85013 dated February 19, 1985, determined and fixed the amount of Intervenors' Costs to be paid by TransAlta.

(2) The Board approved the City of Red Deer's costs claim for payment as submitted.

(3) The City of Calgary's (Calgary) costs claim was reduced by $32.40 as the Board reduced the in-house photocopying rate claimed by Calgary from 30¢ per copy to 20¢ per copy.

(4) The Alberta Union of Rural Electrification Association's costs claim was adjusted to exclude transcript costs relating to TransAlta's 1984 General Rate Application and reduced by $211.80 for unsubstantiated disbursements.

(5) The Industrial Power Consumers Association of Alberta's costs claim was reduced by $214.35 for unsubstantiated disbursements.

(6) The Roundhill Dodds Agricultural Protective Association's and William Arsene's costs claims were denied. The Board considered that neither Intervenor advanced any argument which bore upon the EEMA Decision nor did they produce any evidence which was of use to the Board or merited consideration.

(7) The Board considered that it would be appropriate for TransAlta to include the costs approved in this Order as part of its 1985 Price Application.

2.16 (a) RE84002/E3.6.2 T.D. 4/TransAlta Utilities Corporation

(b) Complaint by Mr. Wilbur Goldstrom of DorWill Acres Trailer Park, Rocky Mountain House alleging improper charges.

(c) In accordance with letter dated April 2, 1985 from Counsel for the Complainant, the matter was resolved between the parties by Agreement dated November 6, 1984 which provided a mechanism for resolving all the outstanding issues raised before the Board.

2.17 (a) RE84104/E3.6.2 T.D. 4/TransAlta Utilities Corporation

(b) Complaint by the Tofield Curling Club (the Club) requesting that the amount of $4,819.48 charged to its customer account by TransAlta Utilities Corporation (TransAlta) for electric service supplied, be disallowed.

(c) In Decision E85040 dated May 6, 1985, adopted by the Board, it was concluded that pursuant to Section 19(1) of the Electricity Inspection Act the error with which the meter located at the Club's premises was found to register was held to have existed for a period of three months immediately prior to November 8, 1983, the date of a disputed meter test conducted by the Department of Consumer and Corporate Affairs of Canada. TransAlta was ordered to correct the billings referable to the error to reflect a calculation for the full amount of electricity supplied, at the then existing rates approved by the Board, for the three months immediately prior to November 8, 1983 and to likewise correct the billings for any period following that date during which the error may have continued.

In answer to the submission by TransAlta that the Board lacked jurisdiction to deal with the complaint it was concluded that the Board did have jurisdiction. Reference in this respect was made to relevant Court Decisions and Sections of the Public Utilities Board Act, namely, Sections 2, 29, 30, 51, 72, 77, and 79.

The club then requested approval of an Order awarding costs in the amount of $1,324.65 to be paid by TransAlta.

TransAlta had no objections to the Club's claim for costs. Both Counsel for the Club and for TransAlta requested the Board to adjudicate upon the Club's claim for costs without further notice and without a hearing. Costs approved by Order E85068 dated May 31, 1985.

2.18 (a) RE84110/E3.6.2 T.D. 5/TransAlta Utilities Corporation

(b) Complaint by Federal Business Development Bank for an Order directing TransAlta to provide service.

(c) Complaint withdrawn February 18, 1985.

2.19 (a) RE85019/E3.6.3-1/TransAlta Utilities Corporation

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which TransAlta Utilities Corporation shall sell electric energy to the Electric Energy Marketing Agency during 1985.

(c) Approved/E85030 dated February 21, 1985.

2.20 (a) RE85023/C3.6.87(1)(e)-45/TransAlta Utilities Corporation

(b) For an Order approving the purposes of and authorizing the issue of First Preferred Shares.

(c) Approved/C85096 dated March 20, 1985.

2.21 (a) RE85024/C3.6.87(1)(e)-46/TransAlta Utilities Corporation

(b) For an Order approving the granting of Options to TransAlta Employees to purchase Class A Common Shares and the issuance of Class A Common Shares upon the exercise of the Options pursuant to the TransAlta Utilities Share Option Plan.

(c) Approved/C85097 dated March 20, 1985.

2.22 (a) RE85040/E3.6.89-16/E3.6.89-16 (Costs)/TransAlta Utilities Corporation

(b) For an Order or Orders approving new rates and changes in existing rates, charges or schedules thereof for electric light, power or energy furnished to its customers within Alberta.

(c) (1) **General**

Phase I Decision E85129 dated November 25, 1985 determined a rate base, fair return and total electric utility revenue requirement for each of the test years 1985 and 1986.

(2) **Rate Base**

(A) **Gross Plant-in-Service**

(i) Excess Capacity - With respect to the BC Tie (300 MW) and Sheerness 1 (383 MW), approved for commissioning on January 1, 1986 by the Energy Resources Conservation Board, the Board was satisfied that TransAlta Utilities Corporation (TransAlta) had acted prudently with respect both to the commissioning dates applied for and to the acquisition costs of the facilities. The Board considered, based on the 1985 Electric Utility Planning Council load forecast, that only one of the facilities would be totally excess to the needs of the Alberta Interconnected System (AIS) in view of the 573 MW of capacity forecast to be surplus in 1986. While both facilities were expected to provide operating benefits to the AIS in 1986, the Board considered the superior benefit to cost comparison of the BC Tie as justification for its allowance in rate base at full return.

With respect to Sheerness 1, the Board considered, in addition to its contribution to excess capacity on the AIS, that the associated 70% take or pay coal contract disrupted economic dispatch on the AIS by displacing more efficient generation. In view of the above and noting that TransAlta will operate the unit in 1986, the Board decided to reflect a sharing of the costs between customers and TransAlta's investors by reducing the return on the common equity portion of the Sheerness 1 contribution to Rate Base from the 14.75% approved for 1986 to 11.15% (i.e. the long term Canada bond rate in effect at the time of the hearing). The resulting return reduction amounted to $1,806,000.

(ii) Allocation of Common Costs - The Board considered that the reallocation of some $17,366,000 from Sheerness 2 to Sheerness 1, which TransAlta claimed was necessary due to the lengthy delay of the former and the associated AFUDC, was inappropriate since the reallocation did not appear to address the cost of plant "required to allow Sheerness 1 to operate". The Board, therefore, reduced TransAlta's Gross plant-in-service by that amount. At the same time the Board upheld its previous

Decision E83123 respecting the inappropriateness of a 50/50 allocation of common costs.

(iii) Camrose-Ryley Site Investigation Costs - TransAlta confirmed that some $7,248,000 of site investigation and land and coal rights acquisition costs related to the deferred Camrose-Ryley project were included in rate base, but were not being depreciated since the coal rights, with which they were associated, were not being depreciated. Since these expenditures did not result in an asset required to be used, the Board considered that $3 million representing land and coal rights should be placed in a plant held for future use account attracting AFUDC at TransAlta's mid-year composite cost rate and that the remainder representing site investigation costs be amortized over five years with the mid-year unamortized balance allowed in necessary working capital. TransAlta was directed to address the accounting and regulatory treatment of the costs of all other coal properties held for future sites at its next General Rate Application.

(B) **Accumulated Depreciation and Depreciation Provision**

(i) Method of Depreciation - TransAlta proposed a variation of the energy based method (a modified units of production approach) which was rejected by the Board in E84140. The proposed method developed composite depreciation rates for hydro, steam production and environmental equipment which were split 80/20 between energy and capacity. As an alternative, TransAlta proposed rates determined by applying the straight line method to shortened expected service lives of thermal property. The resulting rates were similar to those of the first method. The Board rejected the former due to the degree of subjectivity involved in its application and continued to support straight line depreciation over the expected service life.

(ii) Depreciation Provision - In rejecting TransAlta's proposal of 35 years for the probable life span of thermal production property, the Board noted that TransAlta employed 40 year life spans in the energy/capacity method and concluded that life span is not a function of depreciation method. Further noting no special circumstances in Alberta which would shorten the expected service lives from those of similarly sized units in other jurisdictions, the Board considered the continuation of rates based on the 40 year service lives approved in E84140 to be appropriate.

The Board approved the composite depreciation rate of 2.85% for Sheerness 1 as proposed by TransAlta.

As a result of continuing the rates approved in E84140 and adjusting for the allocation of common costs as previously mentioned, TransAlta's forecast annual depreciation provision was reduced by $11,381,000 in 1985 and $13,566,000 in 1986.

(C) **Necessary Working Capital**

(i) Method of Calculation - TransAlta forecast its allowance for Necessary Working Capital based on an updated lead lag study. Two of the Intervenors proposed use of the balance sheet approach as a means of reducing the disparity between the rate of return on deemed equity and that on book equity. Although aware that the balance sheet method was rejected in E77121, the Board, nevertheless, considered that refinements to the method and the fact that it now recognizes the entire balance sheet rather than simply the difference between current assets and liabilities, have made it a viable alternative to the lead lag approach. Therefore, while the Board accepted TransAlta's lead lag study for purposes of this Decision, it directed TransAlta at its next General Rate Application to submit its determination of Necessary Working Capital requirements based on a comprehensive balance sheet method considering at least thirteen monthly balance sheets. It is expected that this study will address several areas of concern identified by both the Intervenors and the Board, namely, the leads and lags associated with return of and on capital, the appropriate treatment of government royalties, salaries and wages, commercial paper issued at discount, the lag on purchased power and short term debt.

(ii) "Delayed Revenue" in Necessary Working Capital - The Board disallowed the mid-year balance of the 1984 Revenue Deficiency in the amount of $6,439,000 from TransAlta's 1985 forecast of Necessary Working Capital. The Board considered that the customers had already paid for the deficiency through the 5% General Rate Rider (February 1 - May 31, 1985) and that "financing" the deficiency as well was inappropriate, especially since over collections by TransAlta were not refunded with interest.

(iii) Allocation of Materials and Supplies Inventory - In the August update to its application, TransAlta increased the allocation of M & S Inventory to operations from the previously filed 33% to 60%. The Board noted, however, that this change was not reflected in the 1985 opening balance. The Board was not persuaded that the change in allocation ratio was justified and considered that any request for change would have to be supported by a formal study. For the purposes of the Decision the Board retained use of the 33% allocation factor to operations.

(iv) Income Tax Installments vs. Income Tax in Revenue Requirement - Both Red Deer and the Rural Electrification Associations/Municipal Districts & Counties recommended that the determination of Necessary Working Capital recognize the lag on the income tax installment due in February of the following year. Previous Decisions E83123 and E84140 reduced Necessary Working Capital by the mid-year value of this installment. For the purposes of this Decision, the Board considered that the concerns of the Intervenors would be addressed through a reduction to Necessary Working Capital corresponding to the mid-year difference between the tax installments due in the year and the income tax component of the approved revenue requirement.

(v) Extended Amortization of Costs - As mentioned previously, the $4,248,000 of Camrose-Ryley costs estimated by the Board to be related to site investigation costs will be amortized over five years. The Board considered that these costs had been prudently incurred and therefore would be allowed a return on the mid-year unamortized balance by inclusion in Necessary Working Capital.

The Board considered that the amortization period of Slave River investigation costs and coal mine contract termination costs should be extended to five years as well. The treatment of the associated unamortized balances will be similar to those of Camrose-Ryley.

(vi) Deferral of Brushing Expenses - The Board reduced TransAlta's 1985 Necessary Working Capital by $1.3 million, which represented the mid-year balance of the costs associated with brushing expenses deferred by TransAlta in 1983 ($1.6 million) and 1984 ($1 million) subsequent to their being approved in the Revenue Requirement in each of those years, on the basis of TransAlta having enjoyed the prior years' use of those funds.

(vii) Gain on Sale of Property to Edmonton Power - For the purposes of this Decision the Board considered that the amount of the gain amortized in 1985 was appropriately treated as electric utility revenues. Furthermore, to the extent that TransAlta was in receipt of the above noted gain in advance of customer benefit in the form of a reduced Revenue Deficiency, the Board considered that, consistent with E84140, the 1985 forecast Necessary Working Capital should be reduced by the mid-year value of the unamortized gain.

(3) **Fair Return**

(A) **Capital Structure**

The Board reduced TransAlta's forecast of No Cost Capital to reflect rejection of the proposed allowance and reserve for Major Generation Outage and increased the forecast of No Cost Capital to reflect the treatment of the proposed reclamation reserve as No Cost Capital rather than as a reduction to Gross plant-in-service as proposed by TransAlta.

(B) **Cost of Debt**

The Board adjusted TransAlta's forecast cost of debt in 1985 and 1986 to reflect more appropriate treatment of 1) the amortization of issue expense and discount, and 2) the gains and losses on foreign exchange.

(C) **Return on Common Equity**

TransAlta proposed a return on common equity deemed to be financing the Rate Base of 15.25% for each of the test years 1985 and 1986 yielding returns on book equity of 15.8% and 15.9% respectively. The Intervenors generally supported the recommendations of Dr. Waters (Calgary's expert witness) of 13.125% to 13.5% on deemed equity corresponding to 13.75% to 14.125% on book equity. For the purposes of the Decision the Board on deemed equity approved 14.5% for 1985 and 14.75% for 1986 corresponding to 15.25% and 15.5% respectively on book equity.

(4) **Electric Utility Revenue Requirement**

(A) **Cash Operating Expenses**

The Board reduced TransAlta's forecast of Cash Operating Expenses for 1985 by $5,106,000 and for 1986 by $753,000 to reflect the amortization of future site investigation costs, the extended amortization of coal contract termination costs, deferral of approved brushing expenses, the rejection of an allowance for major generation outage, and adjustments to pension costs and bad debts expense.

The allowance for major generation outage ($1 million per year for five years) was proposed by TransAlta in order to build up a reserve to cover the cost of replacement energy needed in the event of a TransAlta base load generating unit being forced out of service for an extended period of time. The Board was not persuaded by the evidence and considered that the cost of individual outages of this type would be more appropriately addressed at the time of their occurrence on a case by case basis.

(B) **Income Taxes**

The Board reduced TransAlta's forecast of Income Taxes for 1985 and 1986 by $7,478,000 and $5,689,000 respectively to give effect to the reduction in the rate of return on common equity. In addition a reduction of $1,721,000 was made to recognize the income tax effect of the adjustment to 11.15% of the Sheerness 1 return on common equity.

(C) **Total Forecast Electric Utility Revenue Requirement**

(i) The Board approved for the 1985 and 1986 test years forecast Electric Utility Revenue Requirements of $[illegible]33,794,000 and $907,673,000 respectively, the latter reflecting the adjustment for the Sheerness 1 return on common equity in 1986.

(ii) After one-half of the gain on the sale of property to Edmonton Power was added to the forecast revenue at existing rates, the resulting Revenue Deficiency in 1985 was some $8,843,000 TransAlta had calculated a revenue shortfall of $44,891,404. The Board approved Revenue Requirement for 1986 exceeds the revenue forecast to be collected at existing rates by $53,541,000. The corresponding revenue deficiency forecast by TransAlta was $83,342,000.

(iii) The 1986 Total Electric Utility Revenue Requirement did not include the Net Cost of EEMA to TransAlta since it was unknown at the time of the Decision. Should it be available at the time of Phase II of this application, TransAlta will then be permitted to make application for recovery of that cost.

(5) **Rates**

Interim rate application and Phase II proceedings were in process at year-end.

2.23 (a) RE85042/E3.6.89-17/TransAlta Utilities Corporation

(b) For an Order approving interim refundable rates and interim terms and conditions of service.

(c) (1) **Main Issues**

(A) TransAlta Utilities Corporation (TransAlta) proposed a "rolling in" of the temporary rate rider approved in Board Decision E85006, which expired on May 31, 1985, into the base rates through an increase of 5% to all existing rates with the exception of Wholesale Rate 850, the Rural Electrification Associations farm rate, and the energy rate for TransAlta farm customers. TransAlta requested that the interim rates be effective for billings rendered on or after June 1, 1985 in respect of consumption on and after June 1, 1985.

(B) The proposed restructuring of Wholesale Rate 850 and the exclusion of the two farm rates from an otherwise across the board 5% increase was intended to give effect to the primary changes arising from amendments to the Electric Energy Marketing Agency legislation, namely the change in delivery voltage for wholesale customers and the pooling of residential and farm customers.

(2) **Majority Decision**

The majority of the Division hearing the Application (the majority) denied the interim increase by Decision E85063, dated June 3, 1985. In so doing the following concerns were expressed.

(A) Having examined the evidence of TransAlta and having heard the concerns raised by several Intervenors regarding rate restructuring and the availability of shielding from the Provincial Government, the majority considered that changes to rate structure should be addressed at the Phase II segment of the hearing. By that time it is expected that some of the uncertainty will have been resolved.

(B) The majority was of the opinion that "the principle of rate stability may be offended by a change in rate structure before the appropriateness of the changes can be examined".

(C) The majority considered that TransAlta had not provided compelling reasons to support its position that its financial integrity and its standing with the investment community would be jeopardized by denial of the interim application.

(D) The majority considered that its concerns with respect to several of the forecasts submitted by TransAlta in its general rate application should be addressed in detail at Phase I of the hearing.

(E) The majority noted the importance placed on rate stability by TransAlta, but considered that maintenance of rate levels for the sake of convenience alone was not reason enough for approving interim rates.

(3) **Dissenting Opinion**

One of the Members of the Division provided a dissenting opinion and would have allowed the Application in full. The dissent addressed the following points.

(A) That the Board should consider each application for an interim increase on its own merits.

(B) That TransAlta was seeking to recover only a portion of its forecast 1985 revenue shortfall thereby allowing those items, which may be a concern to the Board, to be examined in depth.

(C) That based on a comparison of forecast and actual expenditures and sales for the years 1983 and 1984, TransAlta was justified in using the 1985 forecasts for the purposes of an interim rate application.

(D) That approval of the Application would have provided rate stability for the majority of TransAlta's customers thereby smoothing cash flow requirements and eliminating part of the expense associated with a change in rates.

(E) That the adoption at that time of the proposed structural changes to the rates on an interim refundable basis was necessary to give effect to the intent of the amendments made to the EEMA legislation.

2.24 (a) RE85066/E3.6.2 T.D. 3/TransAlta Utilities Corporation

(b) Application by Mr. Wilbur A. Goldstrom for an Order of the Board requesting TransAlta Utilities Corporation (TransAlta) not to disconnect services for non-payment of arrears.

(c) Denied/C85239 dated August 1, 1985. The principal issue raised at the hearing dealt with the fulfillment of the terms of an agreement dated November 6, 1984 (Exhibit 1), with particular reference to the acquisition of property and consoli-

dation of title to property. The Board considered that it did not have jurisdiction over such an issue. Moreover, Exhibit 1 was not a contract for the supply of a commodity or service and an alleged breach of agreement was a matter for the Courts to decide.

The Board also considered that:

(i) Section 73 of the Public Utilities Board Act was not intended to cover the issues raised in this complaint.

(ii) there was no evidence in these proceedings that the rates, tolls or charges and the terms and conditions of service charged and imposed by TransAlta on Mr. Goldstrom were other than those fixed and approved by the Board from time to time.

(iii) TransAlta was obliged to charge the rates, tolls or charges and enforce the regulations approved by the Board from time to time.

2.25 (a) RE85068/E3.6.2 T.D. 5/TransAlta Utilities Corporation

(b) Complaint by Mr. Wilbur A. Goldstrom alleging unreasonable rates in connection with service to Dorwill Acres Trailer Park and Riverside Campground Ltd. (the Applicant).

(c) The Board, in Decision C85244 dated September 18, 1985 ordered that:

(1) TransAlta Utilities Corporation (TransAlta) shall continue to bill the Applicant for the North Service at the lower of the General Service Rate or the Industrial Rate.

(2) TransAlta shall recalculate the Applicant's bill for the South Service at the Residential Rate, effective from the date in 1981 when the rate was changed to the Industrial Rate.

(3) TransAlta shall immediately refund to the Applicant the difference between the amount of the billing at the Industrial Rate and the Residential Rate for the South Service.

(4) No costs shall be awarded to either party.

The reasons for the Decision are summarized as follows:

(1) The main criterion for determining the applicability of the appropriate rate to be charged by TransAlta should be the nature, type and use of service provided rather than zoning requirements. The fact that the property was not zoned for a trailer park does not render the use illegal. Under the Planning Act, a "nonconforming use" may not be extended or altered in a significant way but the use is otherwise allowed to continue.

(2) The Board found that service to the South Service satisfied all the requirements of Section 27(c) of TransAlta's Terms and Conditions of Service, i.e. with respect to private dwelling accommodation in commercial travel trailer parks or mobile home parks.

(3) The Board found that the rates charged by TransAlta for the South Service since 1981 were excessive, unjust and unreasonable and unjustly discriminated between the Applicant and other operators of trailer parks in the area and did not conform with TransAlta's Terms and Conditions of Service.

(4) It was reasonable to assume that the electrical installation on the South Service originally satisfied the requirements of Clause 20 of TransAlta's Terms and Conditions of Service, (i.e. with respect to standards of TransAlta and the regulations pursuant to the Electrical Protection Act) otherwise service would not have been connected in the first instance.

(5) The Board noted that the rates with respect to the North Service were no longer in dispute and was satisfied that this service is more properly classified as commercial rather than residential service.

(6) The Board considered that Section 72 of the Public Utilities Board Act empowers it to disallow or change as it thinks reasonable any tolls or charges that in its opinion are excessive, unjust or unreasonable or unjustly discriminate between different persons and that incidental to its power under that Section, it may order a retroactive change from the date that the improper tolls were first levied.

2.26 (a) RE85071/E3.6.89-11 R.V./TransAlta Utilities Corporation

(b) Application by the City of Calgary for a review and variance of Board Decision E85096 dated July 23, 1985.

(c) Adjourned sine die at the request of the Applicant.

2.27 (a) RE85085/E3.6.3-2/TransAlta Utilities Corporation

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which TransAlta Utilities Corporation shall sell electric energy to the Electric Energy Marketing Agency during 1986.

(c) Approved/E85120 dated October 25, 1985.

2.28 (a) RC85226/E3.6.87(1)(f.1)/TransAlta Utilities Corporation

(b) For an Order approving the purposes of and authorizing the issue of an evidence of indebtedness, namely a financial lease and related agreements made between TransAlta Utilities Corporation and Westbank Leasing Limited in respect of a Marion 8750 - 37A electric walking dragline.

(c) (1) Decision E85098 dated July 19, 1985 approved the purposes of and authorized the issue of an evidence of indebtedness in the amount of $54.6 million in respect of the dragline.

(2) The Board considered on the basis of the evidence presented that the allowed regulatory treatment of the Sale/Leaseback of the dragline would result in lower costs to the consumer due to a reduction in the cost of long term debt.

2.29 (a) RC85233/C3.6.87(1)(e)-47/TransAlta Utilities Corporation

(b) For an Order approving the purposes of and authorizing the issue of 4,000,000 7.20% First Preferred Shares.

(c) Approved/C85249 dated December 17, 1985.

SECTION 3: PUBLIC UTILITIES
Water

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

3.01 (a) RE84101/E3.322.87(1)(g)/Artists View Park Services Ltd./ RE84102/E3.324.87(1)(g)-2/Su-Lyn Investments Ltd.

(b) For an Order or Orders approving the sale of their water line assets to the Municipal District of Rocky View No. 44.

(c) (1) E85026 dated February 8, 1985 approved the sale by Artists View Park Services Ltd. (Park Services) and Su-Lyn Investments Ltd. (Su-Lyn) of the utility and water line assets to the Municipal District of Rocky View No. 44 (the M.D.). The Application had originally designated Artists View Water Works Co-operative Association Ltd. (Artists View Co-op) and Poplar Bush Water Co-operative Ltd. (Poplar Bush Co-op) (collectively "the Co-ops") as the purchasers but was later amended to reflect the M.D. as purchaser.

(2) The total sale price for all the assets was $375,000 to be apportioned on the basis of $287,500 to Su-Lyn and $87,500 to Park Services. This sum included all claims that any of the parties had with respect to each other up until the date of closing, February 1, 1985.

(3) The Board considered that satisfactory arrangements had been made for the continuity of service to the existing customers of the water works system, namely the Co-ops, Burnco Rock Products Ltd. (Burnco) and Rudiger Charolais Ranch (Rudiger). The Co-ops will lease (with an option to purchase) the water line assets for a period of 25 years from the M.D. and the engineering firm of McPherson & Thom (Alberta) Ltd. will be retained by the Co-ops to operate the system.

(4) The Co-ops intend to supply water only to their members and not to operate as a public utility. Arrangements had been made for Burnco, Rudiger and E. Nehring, the president of Park Services to join the Artists View Co-op as members.

(5) The M.D. had obtained Local Authorities Board approval to borrow funds by debenture for the purpose of purchasing the water works system and upgrading facilities.

3.02 (a) RC84221/E3.322.89-1/Artists View Park Services Ltd.

(b) For approval of a change in rates.

(c) (1) Order E85143 dated December 23, 1985 approved as final rates, for water consumption during the period from August 1, 1984 to February 1, 1985 inclusive, the interim refundable rates, tolls and charges approved by the Board in Order E84109 dated August 13, 1984.

(2) By Order E85026 dated February 8, 1985, the Board approved the sale by Artists View Park Services Ltd. (Artists View) and Su-Lyn Investments Ltd. of all their water line assets to the Municipal District of Rocky View No. 44 (the M.D.) effective February 1, 1985. The agreement for the sale of the water line assets approved by the Board in Order E85026 also provided that Artists View Park Water Works Cooperative and Poplar Bush Water Cooperative Ltd. (the Co-ops) would continue to operate the water works system and provide continuing service to the existing customers, all of whom were to become members of the Co-ops. As well, the M.D. by the agreement undertook to enter into an agreement to lease, with an option to purchase the water works system, with the Co-ops. It was not until the month of December 1985 that the M.D. and the Co-ops fulfilled this commitment. The Board was then in a position to issue Order E85143 which, in addition to approving final rates, released Artists View and Su-Lyn Investments Ltd. from the duties and responsibilities imposed upon them under the Public Utilities Board Act as owners of public utilities. The finding of the Board in Order E83112 that Artists View and Su-Lyn were owners of public utilities was declared to no longer apply.

3.03 (a) RC85115/C3.311.87(1)(g)/Elkana Ranches Ltd.

(b) For an Order approving the sale of its water utility operations located in Bragg Creek, Alberta to Elkana Residents Water Co-operative Limited.

(c) Approved/C85120 dated March 28, 1985.

SECTION 4: GAS UTILITIES
Investor-Owned

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

4.01 (a) Not Registered/E4.5.35-18/Bonnyville Gas Company Limited

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85080 dated June 12, 1985.

4.02 (a) RE85065/E4.5.24(1)(f.1)/Bonnyville Gas Company Limited

(b) For an Order authorizing the issue of and approving the purposes of the issue of a Fixed and Floating Charge Debenture for $300,000 at bank prime interest rate plus .5% to the Caisse Populaire Bonnyville Credit Union Limited.

(c) Approved/E85099 dated August 8, 1985.

4.03 (a) RE85067/E4.5.35-19/Bonnyville Gas Company Limited

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act, to approve a change in the rates of Bonnyville Gas Company Limited (the Company) as a result of a reconciliation of the Company's royalty expense and associated income tax.

(c) (1) The Board, by Order E85100 dated August 2, 1985, fixed and approved rates to be followed by the Company with respect to all billings for gas consumption on and after August 1, 1985.

(2) The Board approved the refund of the difference between royalty expense over-collected and royalty tax credit over-refunded, amounting to $9,485.57 for the calendar year 1984, by means of a credit rider applicable to gas consumption during the period August 1, 1985 to October 31, 1985.

4.04 (a) RE85097/E4.5.35-20/Bonnyville Gas Company Limited

(b) For approval of a change in rates.

(c) In process at year-end.

4.05 (a) RE84075/E4.6.35-15/Border Utilities Ltd.

(b) For an Order or Orders approving changes in existing rates, tolls or charges for gas supplied and services rendered to its customers within Alberta.

(c) (1) **General**

(A) Decision E85001 dated January 4, 1985 determined a rate base, fair return, revenue requirement and rates for the 1984 and 1985 test years and made certain amendments to the Utility's gas system standards, regulations and practices.

(B) Order E85014 dated January 23, 1985 corrected certain errors contained in Decision E85001 with respect to the calculation of depreciation expense and the wording of the rate schedule.

(2) **Rate Base**

(A) The Board excluded $7,512, expended in 1983 on a regulator station not put in service until 1984, from rate base in 1983. The Board considered the amount to be Construction Work in Progress (CWIP) for 1983. That amount, plus an allowance for funds used during construction, was included in the 1984 rate base.

(B) The Board did not accept Border Utilities Limited's (Border) treatment of additions and retirements in 1981 wherein the Utility netted retirements against additions. The Board adjusted the amounts for 1981 to show the additions and retirements separately and reduced accumulated depreciation by an equivalent amount to reflect the retirements.

(C) The Board did not accept Border's practice of netting Contributions in Aid of Construction (CIAC) against additions to gross plant in service. The Board adjusted the figures to record additions at full value and amortized CIAC at a rate equal to that used to calculate depreciation on the assets the CIAC was deemed to be financing. The unamortized midyear balance of CIAC was shown as no-cost capital in Border's capital structure.

(D) The Board did not accept Border's position that not recording retirements had no effect on rate base as gross plant in service and accumulated depreciation had been reduced by equivalent amounts. The Board did not accept this position as annual depreciation expense is calculated using gross plant in service.

(E) The Board approved the introduction of one new straight line depreciation rate (5% for regulator stations), as proposed by Border.

(F) The Board accepted Border's use of the one-eighth factor to determine the cash operating expense (excluding gas purchase costs) component of necessary working capital.

(3) **Fair Return**

(A) The Board considered it appropriate that rate base, reduced by the midyear unamortized amount of CIAC, be deemed to be financed at the ratio of 40% debt and 60% equity for the test years 1984 and 1985.

(B) The Board accepted the Utility's request for a return on debt of 15.5% for 1985 but reduced the return on debt to 15.0% for 1984. The Board did not accept Border's further request that debt expense be recovered on an actual basis.

(C) The Board considered rates of return on deemed equity of 16% for 1984 and 16.5% for 1985 appropriate for Border.

(4) **Revenue Requirement**

(A) The Board accepted, for the purposes of this Decision, the Utility's forecast of purchased gas for 1984 and 1985, noting the approximate 3% system line losses inherent in the forecast.

(B) The Board accepted Border's request to amend its application to reflect the change in the Provincial Support Price (PSP) effective for all gas purchases on and after August 1, 1984, and adjusted the forecast gas purchase costs accordingly.

(C) The Board did not allow overdue interest expense as part of Border's forecast cost of purchased gas.

(D) The Board was not convinced that the amounts forecast by the Utility for truck and automobile cash operating expenses were appropriate and reduced them accordingly for 1984 and 1985.

(E) The Board recalculated the depreciation expense for 1983, 1984 and 1985 to reflect the transfer of capital to CWIP.

(F) The Board recalculated income tax expense for 1984 and 1985 to take into account the adjustments to return and depreciation expense made in this Decision and to reflect the Utility's loss carry forward of $13,122 as at December 31, 1983.

(5) **Rates**

(A) The Board approved new fixed and commodity rates effective for consumption on and after January 1, 1985.

(B) The Board reduced the proposed 1985 annualized commodity rate to reflect the total reduction in the 1985 revenue requirement made by the Board in this Decision.

(C) The Board approved collection of the 1984 revenue deficiency from January 1, 1985 to December 31, 1985 inclusive.

(6) **Other Matters**

The Board approved amendments to Border's standards, regulations and practices (rules and regulations) and the schedule of proposed fees and charges applicable to the rules and regulations.

4.06 (a) RE83102/E4.7.2/Canadian Western Natural Gas Company Limited

(b) Complaint by Great West Life Assurance Company alleging negligence in not following meter reading regulations.

(c) Complaint withdrawn by Complainant's letter of July 15, 1985.

4.07 (a) RE84113/E4.7.2 T.D. 2/Canadian Western Natural Gas Company Limited

(b) Application by Stellar Enterprises Ltd. requesting Canadian Western Natural Gas Company Limited to provide gas service.

(c) Withdrawn/April 17, 1985.

4.08 (a) RE85012/E4.7.35-31/Canadian Western Natural Gas Company Limited

(b) For a change in rates to recognize the effect of Federal Excise Tax changes in accordance with the directions in Order C80391 dated November 4, 1980.

(c) The Board pursuant to Section 50(1) of the Public Utilities Board Act approved an increase in rates on all gas consumption on and after February 1, 1985, to recover the forecast 1985 costs for Federal Excise Tax and the cumulative difference between revenues and costs to reconcile the actual Federal Excise Tax Cost as at December 31, 1984/E85023 dated February 5, 1985.

4.09 (a) RE85022/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1984 to December 31, 1984.

(c) Approved/85069 dated June 6, 1985.

4.10 (a) RE85026/E4.7.2 T.D. 6/Canadian Western Natural Gas Company Limited

(b) Complaint by Mr. William Wilson alleging improper billing practices by Canadian Western Natural Gas Company Limited (CWNG).

(c) In Decision C85142 dated May 2, 1985 the Board found that Section 10(6) of the Gas Inspection Act was applicable to this account, as the disputed test of Wilson's meter conducted by the Department of Consumer and Corporate Affairs indicated a percentage error larger than permitted by the Regulations. Therefore, CWNG could recover from Wilson only the difference between CWNG's estimate of the actual natural gas consumption during the three month period prior to January 3, 1985 and the actual amount of consumption billed to and paid for by Wilson during the three month period.

4.11 (a) RE85039/C4.7.35-32/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates.

(c) (1) **General**

(A) Order C85204 dated June 10, 1985 denied Canadian Western Natural Gas Company Limited's (CWNG) request for approval of interim refundable rates effective for consumption on and after June 1, 1985, and for interim refundable rates effective for consumption on and after January 1, 1986.

The Board was not convinced that the arguments and evidence advanced on behalf of CWNG demonstrated a need for an interim rate increase effective June 1, 1985 prior to the Board having the opportunity of examining the evidence presented by CWNG and the Intervenors at the Hearing into Phase I of the CWNG General Rate Application.

The Board was persuaded by the arguments advanced by the Intervenors that the forecast of the 1985 revenue requirement as prepared by CWNG raised important issues of significant magnitude that these should be fully examined prior to any general rate increase being ordered.

(B) Order C85246 dated October 4, 1985 determined and approved interim Revenue Requirements for the 1985 and 1986 Test Years, which were subject to further review by the Board.

(C) Order C85248 dated November 1, 1985 fixed and approved interim refundable rates to be imposed, observed and followed by CWNG effective November 1, 1985 with respect to all gas consumption on and after November 1, 1985. The interim refundable rates together with the revenue deficiency riders were forecast to generate additional revenues not more than the interim Revenue Requirements approved by the Board in Order C85246 dated October 4, 1985. The Board was satisfied with CWNG's proposal to maintain, with minor modifications, the current rate design pending full and final determination of Phase II of the Application.

(D) Phase I Decision C85250 dated December 20, 1985 summary of which follows, determined a Rate Base, Fair Return and Total Utility Revenue Requirement for each of the test years 1985 and 1986.

(2) **Rate Base**

(A) **Gross Plant-in-Service**

(i) Unconnected Gas Wells - CWNG proposed that unconnected gas wells on lands dedicated to area gas purchase contracts on which there is production should have their associated costs transferred to Rate Base from Plant Held for Future Use (PHFFU). The Board was satisfied that these wells were being used to serve the public and that it was appropriate to include them in Rate Base.

(ii) ATCOR Split Rights Agreement - The Federation of Alberta Gas Cooperatives Ltd. (Federation) argued that the agreement between CWNG and ATCOR Resources Ltd. (ATCOR) regarding the purchasing and selling of petroleum and natural gas rights on new wells drilled was not prudent, and that it was not in the best interests of CWNG's customers. The Federation proposed that a general inquiry on the matter of intra-company affairs was required. The Board was not persuaded that a general inquiry was necessary but the Board directed CWNG, in its next General Rate Application to fully document and analyze any transaction proposed to occur pursuant to the Split Rights Agreement and establish that its customers will not be adversely affected thereby.

(iii) Petroleum and Natural Gas Rights (P&NG) - CWNG proposed that all seismic and P&NG costs associated with a specific field be allocated to Rate Base, PHFFU or the Border Flowback Fund based on the results of the first well drilled. The Board accepted CWNG's proposal.

(iv) Northwest Operating Centre - CWNG proposed to spend $1,000,000 in 1985 and $3,000,000 in 1986 for an office and warehouse facility to serve its Northwest Operating division. CWNG estimated the cost savings in 1986 would be $38,000. The Board considered that the total costs were greater than the tangible and intangible benefits and excluded the costs of the centre from 1985 and 1986 Gross plant-in-service.

(v) Updated Forecasts - During the hearings, CWNG indicated that the cost of certain capital projects had been revised since the filing of its evidence. The Board considered it appropriate to include the updated forecast in determining CWNG's Rate Base. The Board adjusted the Gross plant-in-service additions by $1,898,000 in 1985 and $3,550,000 in 1986.

(vi) Net General Overprovision - Cominco Ltd. and Western Canada Steel Ltd. (Cominco, et al.) argued that in the previous three years CWNG had overforecast its capital expenditures by an average of 12% and that there should be a corresponding reduction in CWNG's forecast Rate Base additions and depreciation expense in 1985 and 1986. The Board shared the concern of Cominco, et al., and reduced CWNG's forecast 1986 additions to Gross plant-in-service by 10% of the forecast 1986 additions less the "Updated Forecasts" referred to earlier. The reduction to 1986 Gross plant-in-service additions was $1,200,000.

(B) **Allowance For Funds Used During Construction (AFUDC)**

CWNG proposed to exclude no cost customer contributions in determining the composite cost rate used to calculate AFUDC. The Board agreed with CWNG's proposal since the contributions were not usually for capital additions included in Construction Work in Progress (CWIP) or PHFFU.

(C) **Accumulated Depreciation and Depreciation Expense**

The Board was satisfied with the depreciation rates forecast by CWNG. The Board reduced CWNG's Accumulated Depreciation and Depreciation Expense by $22,000 and $87,000 in 1985 and 1986 to reflect the changes to Gross plant-in-service.

(D) **Necessary Working Capital**

(i) Balance Sheet Method - Intervenors filed testimony advocating the Balance Sheet methodology and urged the Board to adopt it because it provided a better matching between Rate Base and capital and was more conceptually sound. CWNG argued that the Lead-Lag Study was superior to the Balance Sheet methodology. The Board considered that the Balance Sheet methodology might provide a more comprehensive approach than other methods for determining Necessary Working Capital but did not accept it for the purposes of this Decision. The Board, however, directed CWNG at its next General Rate Application to submit its determination of Necessary Working Capital requirements based on a Balance Sheet Method no less comprehensive than that filed by Cominco, et al., (CWNG may want to also file a Lead-Lag Study and reconcile the differences.)

(ii) Lead-Lag Study - The City of Calgary (Calgary) recommended that several adjustments be made to CWNG's Lead-Lag Study. The Board directed CWNG to consider the average lag between the date a cheque is issued and the date it is cashed in its next General Rate Application if it chooses to file a Lead-Lag Study. The Board was not satisfied with CWNG's arguments regarding bond interest and preferred dividend payments and directed CWNG to provide evidence in its next General Rate Application showing how this net lag has

been taken into account in the application, the magnitude of the effect, and that it is not contributing to the difference between Book and Regulatory Equity Return.

(iii) Materials and Supplies - The Board considered that Merchandising and Jobbing related items should be excluded from the calculation of Operating and Maintenance related inventory. The Board recalculated the mid-year Materials and Supplies inventory using a 41% value.

(iv) Gas in Storage - Cominco, et al., argued that it was reasonable to expect that arrangements for storage of gas at the producer's expense should be expected to continue in 1985 and 1986 and recommended a reduction in Gas in Storage of 1.5 PJ and 1.0 PJ for 1985 and 1986 respectively. The Board agreed with the argument and adjusted the Gas in Storage accordingly. The Board further reduced Gas in Storage to account for the elimination of the Federal Excise Tax (FET) on June 1, 1985.

(3) **Fair Return**

(A) **Capital Structure**

The Board accepted CWNG's Capital Structure as proposed.

(B) **Cost of Debt**

The Board accepted CWNG's Cost of Debt as proposed.

(C) **Return on Common Equity**

CWNG proposed returns of 16% on common equity financing the Rate Base for both test years. CWNG indicated that these returns would yield, prospectively, returns in excess of 19% on book common equity. The Board after examining the evidence of CWNG and the Intervenors determined that returns of 12.224% and 13.482% for 1985 and 1986 respectively, on common equity financing Rate Base were reasonable. These returns were equivalent to book equity returns of 15.25% and 15.50% in 1985 and 1986 respectively.

(4) **Utility Revenue Requirement**

(A) **Gas Purchase Costs**

(i) Gas Line Loss - CWNG proposed a 1.2% provision for lost and unaccounted for gas. This was based on the use of a 10 year average. Cominco, et al., argued that CWNG had not demonstrated that a change from the use of a 5 year average to a 10 year average was reasonable, and that a 1% figure should be used. The Board agreed with the Intervenors' arguments that CWNG had not demonstrated sufficient evidence to justify a 1.2% gas line loss factor. The Board used a 1% gas line loss factor.

(ii) Canadian Fertilizers Limited (CFL) - CWNG requested the Board to allow it to recover some of the losses associated with the failure of CFL to take gas in 1985 and 1986. CWNG submitted that it had commenced legal proceedings to recover its losses. The Board did not allow any of the estimated expenses resulting from the loss of gas sales to CFL. The Board considered it impossible to determine the prudency of CWNG's actions until the litigation commenced by CWNG and those producers who supply CWNG with natural gas dedicated to the CFL contract is resolved.

(B) **Operating and Maintenance Expense**

(i) Head Office Rent Expense - In the previous General Rate Application Decision E83065, the Board determined that $16.50 per square foot was an appropriate rate that the ratepayers should pay for head office space. CWNG had requested $21.50 per square foot in the current application. Intervenors submitted that a rate of less than $16.50 per square foot was appropriate. The Board concluded that based on the evidence provided in these proceedings, CWNG did not take full advantage of its opportunity to secure a lease with the most favourable terms. The Board considered that the Energy Resources Board building with a lease rate of $12.95 per square foot, as indicated by Mr. Sykes was an appropriate comparable lease rate to consider along with the other proposals. The Board considered that $14.50 per square foot was an appropriate rate to use and reduced the Operating and Maintenance Expense by $1,099,000 in each of the test years.

(ii) Officers' Salaries and Expenses - The Board considered that the executive expenses incurred by Canadian Utilities Limited (CU) and allocated to CWNG for the 1985 and 1986 test years were not reasonable. CWNG did not satisfy the Board that there was any significant change in the operations of CU from 1983 and 1984 to 1985 to justify the 78% increase in Officers' Salaries and Expenses. The Board accordingly adjusted the 1985 and 1986 Officers' Salaries and Expenses by adding to the 1983 total of $359,000, increases of 3% for 1984, 2.5% for 1985, and 5% for 1986. The Board accordingly reduced CWNG's Operating and Maintenance Expense by $429,000 and $416,000 in 1985 and 1986 respectively.

(C) **Taxes Other Than Income Taxes**

Taxes Other Than Income Taxes include property and mineral taxes, FET and Municipal Revenue Taxes (MRT). The Board included CWNG's revised forecast which took into account the elimination of the FET effective June 1, 1985. The Board included CWNG's reconciliation of FET costs and revenues up to June 1, 1985 in the amount of an additional $268,000. The Board reduced CWNG's estimate of MRT by $956,000 and $1,123,000 in 1985 and 1986

respectively to account for the other reductions in Revenue Requirement.

(D) **Non-Cash Operating Expenses**

The Board reduced CWNG's Depreciation Expense by $22,000 and $87,000 in 1985 and 1986 respectively to reflect the changes in Gross plant-in-service additions mentioned previously.

(E) **Income Taxes**

The Board reduced the provision for Income Taxes to take into account the reduction of the Fair Return on Rate Base allowed CWNG and the disallowed Operating and Maintenance Expenses. The reductions were $3,092,000 in 1985 and $2,963,000 in 1986.

(F) **Total Utility Revenue Requirement**

The following is a reconciliation of the Revenue Requirements submitted by CWNG with those determined by the Board:

REVENUE REQUIREMENT	1985 (000's)	1986 (000's)
As Submitted by CWNG	$396,504	$410,663
Less:		
1. Gas Line Loss	(529)	(533)
2. CFL	(2,040)	(7,245)
3. Head Office Rent	(1,099)	(1,099)
4. CU Officers' Fees	(429)	(416)
5. FET Reconciliation	268	-
6. FET	(8,245)	(16,745)
7. Municipal Revenue Tax	(956)	(1,123)
8. Depreciation Expense	(22)	(87)
9. Income Tax	(3,092)	(2,963)
10. Return	(3,487)	(3,363)
As Determined by the Board	$376,873	$377,089

(G) **Interim vs. Final Utility Revenue Requirement**

The final Utility Revenue Requirement for 1985 was $1,130,000 more than the Board determined Interim Revenue Requirement in Order C85246 and for 1986, was $2,651,000 more than the Interim Revenue Requirement that the Board determined in Order C85246.

(H) **Other Matters**

(i) Expedited Rate Application - The Board considered that it should not change its policy with respect to expedited rate applications. With respect to the matter of a peak penalty charge on Article II gas, the Board considered that the matter should be dealt with if and when such a charge is incurred.

(ii) Terms and Conditions of Service - The Board considered that the matter of changes to CWNG's Service Regulations should be dealt with in the Phase II hearing of the Application, to be scheduled in 1986.

(iii) Disposition of Portions of Nonproductive Exploration and Development - CWNG requested and received the Board's approval to write off a portion of unproductive wells through the Border Flowback account.

4.12 (a) RE85043/E4.7.2/Canadian Western Natural Gas Company Limited

(b) Complaint by Richard Deren alleging improper billing practices.

(c) Order E85101 dated September 6, 1985 denied the application, in light of the failure of the complainant to appear at the scheduled public hearing.

4.13 (a) RE85050/E4.7.2/Canadian Western Natural Gas Company Limited

(b) Complaint by Armco Developments Ltd. alleging improper billing practices

(c) Decision C85240 dated September 6, 1985 denied the application. The Board considered that although Canadian Western Natural Gas Company Limited (CWNG) acted with a woeful lack of attention to the Armco account, it did not charge an unjust or unreasonable or unjustly discriminatory or unduly preferential rate.

The Board also considered that there was no evidence to support the allegation by Armco that the quality of CWNG's service was inadequate with respect to the physical supply of natural gas.

It was the opinion of the Board that an action for damages would be more appropriate.

4.14 (a) RE85057/E4.7.35-33/Canadian Western Natural Gas Company Limited

(b) Canadian Western Natural Gas Company Limited (CWNG), following the Government of Canada's announcement in its budget of May 23, 1985 that the Canadian Ownership Special Charge on all gas purchases and production would be reduced from 14¢ per gigajoule to zero effective June 1, 1985, applied to the Board for approval of a decrease in rates charged to its customers.

(c) The Board, pursuant to Section 50(1) of the Public Utilities Board Act, approved a 16.9¢ a gigajoule decrease in rates, effective on all gas consumption on and after June 1, 1985 to eliminate the Federal Excise Tax portion of rates charged to CWNG's customers/C85189 dated June 5, 1985.

4.15 (a) RE85075/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to March 31, 1985.

(c) Approved/E85108 dated September 6, 1985.

4.16 (a) RE85081/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High

Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to June 30, 1985.

(c) Approved/E85114 dated October 16, 1985.

4.17 (a) RE85092/E4.7.24(1)(e)-19/Canadian Western Natural Gas Company Limited

(b) For an Order approving the purposes of and authorizing the issue of 600,000 cumulative redeemable Second Preferred Shares, Series K to Canadian Utilities Limited.

(c) Approved/E85138 dated December 12, 1985.

4.18 (a) RE85096/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to September 30, 1985.

(c) In process at year-end.

4.19 (a) RE84121/E4.9.35-9 R.V./Elk Point Gas, Ltd.

(b) For a review and variance of Board Order E84106 dated August 7, 1984.

(c) (1) Order E85007 dated January 11, 1985 varied Order E84106 by approving a rate rider to provide for an additional $0.12 per Mcf on all gas consumption from December 17, 1984 to March 31, 1985.

(2) By Order E85036 dated April 17, 1985 the Board issued the written Statement of Decision setting out the findings of fact and the reasons for varying Order E84106.

In Order E84106, the Board fixed final rates based on the Company's forecast that all of their gas requirements would come from the Company's own wells. Subsequent to the Decision being issued, it was discovered that the Company did not have the proper lease to drill one well and another well was incapable of further production. The Company then entered into a short term agreement to purchase peak shaving gas for the 1984/85 winter heating season.

The Board varied Order E84106 by approving a short term rate rider to cover the actual costs of the purchased gas. The Board considered that this evidence was not known and was not available at the time of the hearing of the General Rate Application and would have been a determining factor in Order E84106.

(3) Order E85085 dated June 14, 1985 ordered a refund of $7,070 to customers which represented the over recovery of the actual cost of purchased peaking gas over the rate rider "D" approved in Board Order E85007 dated January 11, 1985. The Board approved a credit rider of $0.95 per Mcf on all gas consumption from June 1, 1985 to July 31, 1985.

The Board, pursuant to Section 50(1) of the Public Utilities Board Act, also approved a $0.15 per Mcf decrease in rates effective on gas consumption on and after June 1, 1985 to eliminate the Federal Excise Tax portion of the rates charged to Elk Point Gas, Ltd.'s customers.

4.20 (a) RE85095/E4.9.35-12/Elk Point Gas, Ltd.

(b) For approval of a change in its existing rates, tolls and charges for natural gas supplied and services rendered to its customers within Alberta and for approval of interim refundable rates pending full and final determination of the Application.

(c) In process at year-end.

4.21 (a) RE84023/E4.15.35-26/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(b) For a review and variance of Board Order E84130 dated October 2, 1984.

(c) Decision E85005 dated January 7, 1985 fixed and approved annualized rates effective with respect to gas consumption on and after January 1, 1985.

(1) The Board considered that in order to give effect to the intent of the Board in Decision E84108, ICG Utilities (Plains-Western) Ltd. (ICG) should be on a full Normalized All Taxes Paid (NATP) method of accounting for income taxes in 1985. It was considered appropriate and justifiable to replace the 1984 annualized rates fixed in E84130 by annualized rates effective January 1, 1985.

(2) The annualized rates effective January 1, 1985 were based on the 1984 Board determined revenue requirement with the income tax component thereof adjusted solely for the effect of a change to full NATP method of accounting for income taxes in 1985.

4.22 (a) RE84057/E4.15.35-28/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(b) For approval of a change in rates relating to the Town of Stettler as a result of an increase in the revenue tax agreement percentage from 5% to 6%.

(c) Approved/E85011 dated January 31, 1985.

4.23 (a) RE84124/E4.15.2 T.D. 4/ICG Utilities (Plains-Western) Ltd. (now ICG Utilities (Alberta) Ltd.)

(b) Complaint by the Grande Cache General Hospital (Hospital) alleging an improper retroactive billing.

(c) Complaint resolved by letter dated March 19, 1985.

The Board advised the Hospital that the courts have consistently held that a utility company regulated by a Public Utilities Board must charge the rates prescribed by the Board.

The Board advised further that, notwithstanding that the Hospital was underbilled through a billing error, it was incumbent upon ICG to recover the amount underbilled.

4.24 (a) RE85001/E4.15.2 T.D. 1/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(b) Application by the Town of Two Hills for advice as to the level of rates charged by ICG Utilities (Plains-Western) Ltd. as fixed by Board Order E84130 dated October 2, 1984.

(c) Application resolved by letter dated February 15, 1985.

4.25 (a) RE85014/E4.15.35-31/ICG Utilities (Alberta) Ltd. [formerly ICG Utilities (Plains-Western) Ltd.]

(b) For approval of a change in existing rates, tolls or charges for gas supplied and services rendered to its customers within Alberta.

(c) (1) **General**

(A) Order E85044 dated April 17, 1985 denied ICG Utilities (Alberta) Ltd.'s (ICG) request for approval of interim refundable rates effective for consumption on and after March 1, 1985 or as soon as possible thereafter. The Board stated that the Company had not demonstrated by persuasive and compelling evidence that interim rate relief should be granted prior to examination and testing of the evidence in the context of a general rate hearing.

ICG was unable to quantify the effect on the Company, or on the shareholders of the parent, Inter-City Gas Corporation, of a delay in the recovery of any 1985 revenue deficiency and stated that its main reason for requesting interim rates was not financial integrity but rather rate stability and the perceived consequent protection of its customers from potentially greater increases at some later date. The Board considered it equally undesirable to impose interim rates which may result in refunds as to postpone probable increases and necessitate collection of a forecast deficiency by means of a deficiency rider since either course of action may well result in inter-generational inequity. The Board considered that the Company did not advance evidence to support approval of interim rates to preserve its financial integrity.

The Company agreed, under cross-examination by the Intervenors, that its interim application was based on the Board's final approval of the requested increase in its entirety.

The Board considered the proposed implementation of the results of a depreciation study for the 1985 test year, without any supporting analysis as to the effect of the implementation, to be a major change which should be subject to full examination.

The Board anticipated the filing of a complete lead-lag study in accordance with its Direction in E84108, and, in the absence of such evidence, considered that the magnitude of any allowance for necessary working capital should be subject to full examination.

The Board was not satisfied that none of the costs which were disallowed in Decision E84108 had been rolled into the 1985 forecasts presented by the Company, and concluded that these required full examination.

The Board was not fully convinced that the Company had not effectively double-counted income tax expenses for 1985 attributable to the conversion to full NATP and considered that this should be subject to full examination.

The Board considered that the Company's 1985 forecast revenues required examination in the main hearing at which time actual 1984 results would be available for comparison purposes in determining the reasonableness of the Company's sales forecasts with respect to the effect of conservation and declining consumption.

(B) Order E85094 dated August 19, 1985 denied ICG's request for approval of interim refundable rates which followed the full hearing of its evidence. The Board considered that ICG had not demonstrated by persuasive and compelling evidence and argument, the need for interim rate relief.

The Board considered that ICG did not demonstrate how, or to what extent, the principles of rate stability and avoidance of intergenerational inequities would be violated if interim rates were not awarded. ICG also did not address any problem with respect to maintaining its financial integrity.

The Board stated that it was considering the many issues raised at the hearing including a large increase in Operating and Maintenance Expenses forecast for 1985 over that allowed by the Board in the 1984 revenue requirement, the cost of gas, the depreciation expense resulting from the recent depreciation study, the necessary working capital incorporating the results of the recent lead-lag study, the effect of forecast conservation and the requested return on common equity.

The Board acknowledged that ICG's statement that the imposition of interim rates would reduce the amount of revenue deficiency was factually accurate but the fact in itself did not constitute a special circumstance nor a compelling need for interim relief. Furthermore, the Board stated that based on its examination of the evidence and argument, the quantum of that portion of the requested revenue requirement which it considered would be approved would not be of such magnitude as to mitigate in favour of interim rates. The Board added that any deficiency rider which may be approved could be extended beyond the end of the test year if necessary.

The Board continued to consider it inappropriate to approve interim rates when a significant change in rate design was requested such as ICG's postage stamp rate proposal.

(C) Decision E85133 issued December 16, 1985 determined a rate base, fair return and revenue requirement for the 1985 test year and dealt with other significant matters as reflected hereinafter.

(2) **Rate Base**

(A) **Gross Plant-in-Service**

(i) The Board considered it inappropriate to approve a change in the overhead capitalization rate from 35% in 1984 to 25% of the direct costs of capital projects in 1985.

(ii) The Board included in retirements the cost of a building and lot in the Town of Morinville sold to the Town of Morinville which sale was approved by Board Order E85095 dated August 1, 1985. ICG had not included the retirement in its forecast 1985 retirements.

(B) **Accumulated Depreciation and Depreciation Provision**

(i) ICG filed a depreciation study which used the Average Service Life (ASL) method to calculate depreciation expense and rates. Although the depreciation consultant considered the Equal Life Group (ELG) method superior to the ASL method, he recommended that the ELG method not be used by ICG at this time, primarily for reasons of data problems. The Board considered that problems with the quality of historical data did not preclude use of the ELG method and considered that the ELG method was the appropriate method to use because each asset is depreciated over its own useful service life. The Board developed the depreciation expense allowed in the revenue requirement by applying ELG depreciation rates calculated by ICG, to plant account balances as at December 31, 1984. One exception was Distribution Services, where the Board considered it more reasonable to use an estimate of minus 10% for net salvage instead of ICG's estimate of minus 50%. The Board's calculations resulted in a reduction of $339,986 in depreciation expense.

(ii) The Board did not approve any amortization of differences between account theoretical depreciation reserves and actual book depreciation reserves. The Board noted that the theoretical reserves calculated on an ELG basis exceeded the book reserve as at December 31, 1982 but that no studies or evidence was provided to show the variance as at December 31, 1984. The Board considered that it required annual comparisons between the theoretical reserve and actual book reserve on an account basis before dealing with any procedure to amortize any indicated variance.

(iii) The Board directed ICG to annually update its plant-in-service records by account by recording additions and retirements by vintage. The Board directed ICG to calculate its depreciation expense and rate by account by applying the Board approved life and net salvage characteristics to the updated plant records using the ELG method. The Board directed ICG to provide to the Board, on an annual basis by account, the original cost at December 31 of the year prior to the study year, depreciation rate and depreciation expense for the study year, retirements, gross salvage and cost of removal for the study year and the theoretical depreciation reserve and actual book reserve at December 31 of the year prior to the study year.

(C) **Allocated Head Office Plant**

The Board accepted ICG's allocated head office gross plant and adjusted the depreciation expense according to the ELG rates approved.

(D) **Necessary Working Capital**

(i) The Board excluded depreciation, amortization and Return components in its calculation of ICG's cash working capital requirements. ICG had filed a lead-lag study, conducted with the assistance of a consultant, which incorporated all components of revenue requirement.

(ii) The Board adjusted the Operating and Maintenance and Gas Cost components of cash working capital in accordance with the reductions in Revenue Requirement.

(iii) The Board calculated ICG's cash working capital requirement to reflect ICG's ongoing situation respecting income taxes and the Canadian Ownership Special Charge (COSC). An adjustment was made to the revenue deficiency to reflect ICG's 1985 working capital requirements respecting income taxes whereby gas rates effective January 1, 1985 included the effect of cnanging from one-half to full Normalization-All Taxes Paid which meant ICG collected funds in excess of its required payments in 1985, based on 1984 income taxes payable. An adjustment to the revenue deficiency was also necessary to reflect the fact that a federal income tax surcharge was in place for only one-half of 1985. The impact of COSC being in place for five months of 1985 and a reconciliation of COSC paid and recovered through the rates was considered in the calculation of the revenue deficiency.

(iv) The Board determined a negative cash working capital requirement of ($175,226). After including an allowance for Operating and Maintenance Inventory and for Deferred Expenses the Board determined Necessary Working Capital of $557,398.

(3) **Fair Return**

(A) **Capital Structure**

The Board considered ICG's actual capital structure appropriate except for Bank Advances which the Board excluded on the basis that they were short term. Previously ICG's cost of capital had been calculated using a deemed capital structure.

(B) **Cost of Debt**

The Board adjusted ICG's forecast cost of debt in 1985 to include a $6.7 million addition to debt capital at 12% instead of ICG's requested 14.62%. The Board considered that the "mirroring down" of a loan arranged in December, 1982 by ICG's parent, did not produce the lowest embedded cost of debt capital. The rate of 12% was estimated by ICG's cost of capital witness as ICG's prospective cost of new debt capital for 1985.

(C) **Common Equity**

The Board determined the cost rate for common equity deemed to be financing the rate base to be 15.25% for the 1985 test year.

(4) **Revenue Requirement**

(A) **Gas Purchase Costs**

(i) Conservation and Forecast Sales - The Board increased forecast sales for SGS-1 customers by 33,125 Mcf from 9,263,899 Mcf forecast by ICG to 9,297,024 Mcf. The Board considered that ICG's forecast conservation may have been overstated as a result of using all data points back to 1981 in establishing a trend line. The Board considered it appropriate to use the average actual conservation experienced for SGS-1 sales during the past two years as the basis to forecast 1985 conservation. The Board also increased sales forecasts for larger customers after comparing ICG's forecasts to actual sales in 1984. Overall the Board adjusted the 1985 sales forecast from 10,091,810 Mcf to 10,166,706 Mcf, an increase of 74,896 Mcf, and adjusted gas purchase costs accordingly.

(ii) Line Losses - The Board considered it reasonable on the basis of the leak survey and other remedial work undertaken by ICG to expect more of an improvement in line losses for the test year than ICG's forecast of 3.04% of purchases. Accordingly the Board used a loss factor of 2.50% to develop purchase gas volumes.

(iii) Canadian Ownership Special Charge (COSC) - The Board reduced 1985 forecast gas purchase costs by $1,484,184, in order to develop a revenue requirement excluding COSC costs.

(B) **Operating and Maintenance Expense (O & M)**

The Board reduced 1985 forecast O & M expense by $802,797. The reduction was based on disallowance of the requested change in the capitalization rate ($375,000) and not allowing the full impact of the 1984 over expenditure for O & M to be carried forward into 1985. In 1984 ICG spent $802,800 or 12% over and above the Board approved amount for O & M. For 1985 the Board allowed an increase of $387,500 being an increase of 5.2% above the 1984 Board approved O & M expense.

(C) **Hearing Costs**

The Board approved for payment by ICG all fees claimed by the Intervenors except for Mr. Erb who did not incur fee costs. The Board approved for payment by ICG all disbursements claimed by the Intervenors except for disbursements claimed by the Communities where no proof of payment was provided. The Board stated that should proof of payment be provided at a later date, the Board would consider a further cost order.

(5) **Rates**

(A) **Postage Stamp Rates**

The Board considered that ICG stated a number of factors in favor of implementing postage stamp rates but did not provide evidence respecting the cost of serving the various customer classes in the 13 Districts. The Board considered that it should not approve a change in rate design which would produce larger increases in rates for customers in some areas compared to customers in other areas without evidence demonstrating that the rates charged reasonably reflect the costs incurred.

(B) **Proposed New Rates**

The Board considered that it did not have sufficient evidence before it to approve requested rate reductions for large volume users, for irrigation customers and for an alfalfa and peat moss drying rate. The Board stated that it required evidence respecting the costs of serving these customers and the basis for discounts requested.

(C) **Cost of Service Study**

The Board directed ICG to perform a fully allocated cost of service study to support its proposed postage stamp rates. The Board stated that it expected ICG to exercise prudence in carrying out the cost of service study to arrive at meaningful results without imposing an undue burden on the relatively small customer base.

(D) **SGS Fixed Charge**

The Board was not convinced that it was appropriate to approve an increase in the SGS fixed charge on the basis of ICG's consideration that it was directionally correct or that the fixed charge would be comparable to the fixed charge of other utilities. The Board stated that ICG must substantiate the level of customer costs allocated to each SGS customer on the basis of its own costs of service.

(E) **Revenue Deficiency Rider**

The Board calculated forecast gas sales revenue at existing rates using the Board's forecast sales. The Board determined a revenue deficiency before adjustments of $1,299,882. The Board calculated adjustments to the revenue deficiency arising from COSC being in place for part of the year, a reconciliation of COSC collected and paid, income tax instalments and income tax surcharge in place for one-half of 1985. The Board calculated a net revenue deficiency rider of $1,244,775 and requested ICG to file rates with the Board which incorporated a revenue deficiency rider for the alternative periods of 6 months, 8 months and 10 months.

(F) **Rules and Regulations**

The Board approved minor wording changes in ICG's Rules and Regulations to clarify charges for service connections and customer contributions. The Board did not approve proposed clauses deal-

ing with the sale of appliances, stating that such activities are not price regulated and that the Board is concerned only to the extent that they not be a burden on utility customers.

(G) **Final Rates**
Pursuant to the Board's direction in Order E85133, ICG filed a Schedule of Rates that would recover the Board determined revenue requirement for 1985.

Order E85145 dated December 24, 1985 fixed and approved final rates with respect to gas consumption on and after January 1, 1986.

4.26 (a) RE85046/E4.15.24(1)(g)-10/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(b) For an Order or Orders of the Board approving the sale of certain property to the Town of Morinville.

(c) (1) The Board, by Order E85095, dated August 1, 1985, approved the sale of land and a building thereon, to the Town of Morinville.

(2) The Board considered it appropriate to deal with the approval of sale separately from the disposition of proceeds for two reasons:

(A) ICG Utilities (Plains-Western) Ltd.'s (ICG) argument that it would not be productive to consider the matter of the disposition of the proceeds because certain Board Orders respecting proceeds from sale of assets of other utility companies were currently before the Court of Appeal.

(B) ICG's testimony that the sale might not be consummated unless prompt approval were given.

(3) Consideration of disposition of proceeds awaiting resolution of appeals before the Courts at year-end.

4.27 (a) RE85077/E4.15.24(1)(g)-11/ICG Utilities (Alberta) Ltd. [formerly ICG Utilities (Plains-Western) Ltd.]

(b) For an Order or Orders of the Board approving the sale of certain property in the City of Wetaskiwin.

(c) (1) The Board, by Order E85130 dated November 14, 1985, approved the sale of land, a building thereon and certain furniture and fixtures, to 337093 Alberta Corporation.

(2) The Board considered it appropriate to deal with the approval of sale separately from the disposition of proceeds for two reasons:

(A) ICG Utilities (Plains-Western) Ltd.'s (ICG)argument that it would not be productive to consider the matter of the disposition of the proceeds because certain Board Orders respecting proceeds from sales of assets of other utility companies were currently before the Court of Appeal.

(B) ICG's testimony that the sale agreement might be voided unless prompt approval were given.

(3) Consideration of disposition of proceeds awaiting resolution of appeals before the Courts at year-end.

4.28 (a) RE85089/E4.15.35-32/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(b) For approval of a change in rates relating to the Summer Village of Mewatha Beach as a result of the implementation of a revenue tax agreement.

(c) Approved/E85124 dated October 30, 1985.

4.29 (a) RE85090/E4.15.35-33/ICG Utilities (Alberta) Ltd. [formerly ICG Utilities (Plains-Western) Ltd.]

(b) For approval of a change in billing methodology to reflect energy consumption.

(c) The Board, by Order E85146, dated December 30, 1985, denied ICG's application. The Board stated that it agreed that a properly administered energy billing system was more equitable than a volumetric billing system. However, the Board considered that more evidence must be presented before the Board could conclude that ICG's proposed energy billing system was to be more equitable than its existing volumetric billing system. The Board requested ICG to produce evidence respecting the variation of heat content of gas supplied and evidence supporting the proposal that existing Districts be considered "heat content areas" under energy billing. The Board expressed concern with ICG's inability to synchronize the billing period with the period for which the heat content is measured. The Board directed ICG to submit a new application for approval of a change in billing methodology and sales rates, addressing the Board's concerns raised in the Decision.

4.30 (a) RE84040/E4.14.2 T.D. 1/Northwestern Utilities Limited

(b) Complaint by Paul Patenaude alleging that final bill was improper.

(c) Claim for payment withdrawn by Northwestern Utilities Limited by letter dated January 18, 1985.

4.31 (a) RE84041/E4.14.35-39/Northwestern Utilities Limited

(b) For approval of a change in rates.

(c) The Phase I hearing was completed on December 11, 1984. In January, 1985, Northwestern Utilities Limited (NUL) applied to the Board for an Order directing that the evidence of Mr. Mark Drazen of Drazen-Brubaker and Associates on behalf of the Industrial Rate Intervenors be disregarded and struck from the record of the proceeding on the basis that, unknown to NUL at the time, Mr. Drazen, at the time he gave evidence was on a retainer to, or was being consulted by, the Board in his professional capacity and did thereby place NUL in a position that it might reasonably have an apprehension of bias or otherwise be deprived of natural justice. The Board dismissed the applicaion on the grounds that it was not the proper forum to answer the question raised (dealt with separately as item 4.33 of this report). The Board referred the matter to the Court of Appeal, which is dealt with separately as Item 1.13 of Appendix 6 of this report. The Memorandum of Judgement of the Court of Appeal was delivered from the Bench on November 25, 1985 and the matter was in process at year-end.

4.32 (a) RE84077/E4.14.24(1)(c)-2/Northwestern Utilities Limited

(b) For approval of an amendment to its natural gas service regulations.

(c) Consideration of this application has been delayed by the series of events relating to Northwestern Utilities Limited's application that it might reasonably have an apprehension of

bias as dealt with in item 4.31 of this report. The matter was in process at year-end.

4.33 (a) RE85002/E4.14.35-45/Northwestern Utilities Limited

(b) For an Order directing that the evidence of Mr. Mark Drazen of Drazen Brubaker & Associates given on the 11th day of December, 1984, on behalf of the Industrial Rate Intervenors at the Applicant's General Rate Application be disregarded and struck from the record of the proceeding on the basis that Northwestern Utilities Limited (NUL) might have a reasonable apprehension of bias.

(c) By Decision E85028 dated February 18, 1985 the Board dismissed the application on the grounds that it was not the proper forum to answer the question raised.

The presiding member dissenting in part, agreed that the application should be dismissed but that the Board should not proceed pursuant to Section 13 of the Board's Rules of Practice. The presiding member was of the opinion that it should be left to NUL to determine what further action should be taken with respect to this matter.

The majority considered it important that the application of NUL be ruled on by the court and proposed to proceed pursuant to Section 13 of the Rules of Practice. On November 25, 1985, the Special Case of the Board was presented to the Court of Appeal. The Court of Appeal delivered a Judgment from the bench as discussed in Appendix 6.

4.34 (a) RE85011/E4.14.35-46/Northwestern Utilities Limited

(b) For a change in rates to recognize the effect of Federal Excise Tax changes in accordance with the directions in Order C80166 dated November 6, 1980.

(c) The Board pursuant to Section 50(1) of the Public Utilities Board Act approved an increase in rates on all gas consumption on and after February 1, 1985, to recover the forecast 1985 costs for Federal Excise Tax and the cumulative difference between revenues and costs to reconcile the actual Federal Excise Tax Cost as at December 31, 1984/E85024 dated February 5, 1985.

4.35 (a) RE85027/E4.14.2 T.D. 3/Northwestern Utilities Limited

(b) Complaint by Mr. Henry Wieliczanski and Mrs. Barbara Wieliczanski, his wife, requesting an Order of the Board disallowing charges of $340.18 relating to a commercial account, which were transferred to a residential customer account in the name of Mrs. Barbara Wieliczanski by Northwestern Utilities Limited (NUL).

(c) In Decision E85060, dated May 17, 1985, the Board found that Mrs. Barbara Wieliczanski was a person whom NUL supplied with gas in the City of Edmonton, and who neglected to pay the charges due to NUL at the times fixed for payment within the meaning of Section 25 of the Water, Gas, Electric and Telephone Companies Act, R.S.A. 1980, c. W-4 (the WGE&TC Act).

Following the rationale in the case of Montreal Gas Company v. Cadieux (1899) A.C. 589, the Board concluded that the gas supplied in the circumstances was to the consumer. A debt for utility services is a personal debt. Any default in payment is the consumer's default. Where the same person is provided with gas at more than one location, as in the case before the Board, that does not change the fact that it is the person who owes the money.

Accordingly the Board found that NUL was justified in applying the amount of $340.18 to the customer account of Mrs. Barbara Wieliczanski with respect to her private residence. The Board further found that if default in payment of the amount of $340.18 continued, NUL was at liberty in its discretion upon giving 48 hours notice to Mrs. Barbara Wieliczanski to discontinue the supply of gas to those premises pursuant to the provisions of Section 25 of the WGE&TC Act and Section 13 of the Natural Gas Service Regulations.

4.36 (a) RE85031/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1984 to December 31, 1984.

(c) Approved/E85070 dated June 13, 1985.

4.37 (a) RE85056/E4.14.35-47/Northwestern Utilities Limited

(b) Northwestern Utilities Limited (NUL), following the Government of Canada's announcement in its budget of May 23, 1985 that the Canadian Ownership Special Charge on all gas purchases and production would be reduced from 14¢ per gigajoule to zero effective June 1, 1985, applied to the Board for approval of a decrease in rates charged to its customers.

(c) The Board, pursuant to Section 50(1) of the Public Utilities Board Act, approved a 16.2¢ a gigajoule decrease in rates, effective on all gas consumption on and after June 1, 1985 to eliminate the Federal Excise Tax portion of rates charged to NUL's customers/E85071 dated June 5, 1985.

4.38 (a) RE85070/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to March 31, 1985.

(c) Approved/E85104 dated August 23, 1985.

4.39 (a) RE85086/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to June 30, 1985.

(c) Approved/E85125 dated November 6, 1985.

4.40 (a) RE85091/E4.14.24(1)(e)-22/Northwestern Utilities Limited

(b) For an Order approving the purposes of and authorizing the issue of 600,000 cumultive redeemable Second Preferred Shares, Series K to Canadian Utilities Limited.

(c) Approved/E85139 dated December 12, 1985.

4.41 (a) RE85094/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High

Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to September 30, 1985.

(c) Approved/E85140 dated December 23, 1985.

4.42 (a) Not Registered/E4.16.35-7/Orr Mineral Developments Ltd.

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve an interim refundable decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85082 dated June 12, 1985.

4.43 (a) Not Registered/E4.18.35-20/Superior Natural Gas Service Ltd.

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85083 dated June 12, 1985.

4.44 (a) RE85082/E4.18.24(1)(g)/Superior Natural Gas Service Ltd.

(b) For an Order approving the sale to ICG Utilities (Alberta) Ltd. [formerly ICG Utilities (Plains-Western) Ltd.] (ICG) of all its property, franchises, privileges and rights, in accordance with the terms and conditions of a Master Sale Agreement.

(c) (1) The Board, by Order E85118 dated December 11, 1985 approved the sale of assets by Superior Natural Gas Service Ltd. (Superior) to ICG, in accordance with the terms and conditions of the Master Sale Agreement as amended, for the sum of $190,000.

(2) The application was reheard by a Division of three Members after the two Member Division which first heard the matter was unable to agree on the form of Decision and Order.

(3) Board approval of the sale was ordered conditional upon Superior and ICG or their respective counsel, filing with the Board, written confirmation that the existing gas supply contract between Superior and the Village of Thorhild was in good standing and all monies due and owing thereunder to the Village had been paid as of the closing date of the sale, December 1, 1985.

(4) The Board denied a request by the Village of Thorhild that the Board impose as a condition of the Order approving the sale, that the Gas Supply Contract between the Village of Thorhild and Superior due to terminate September 30, 1986, be extended to May 15, 2000 or to the day upon which the final payment is made on the Village's debenture financing the metering station involved, whichever date first occurs. The Board considered that the contract was freely negotiated between consenting parties and it was incumbent on the parties to the contract to protect their interests. The Board considered that the parties should not be restricted in future contract negotiations but should be in a position to act freely in their own best interests and those of their customers.

4.45 (a) RE85003/E4.19.35-11/Tilley Gas Company Ltd.

(b) For an Order or Orders approving a change in the Credit Rate Rider by which part of the Price Adjustment received from the Alberta Petroleum Marketing Commission had been used to reduce customer bills.

(c) E85027 dated February 14, 1985 deleted the credit rate rider as a result of the decreased revenues received from the Alberta Petroleum Marketing Commission. The Board considered that all Price Adjustment receipts should now be credited to Tilley Gas Company Ltd.'s Exploration and Drilling Fund. The gross receipts from the border flow-back are expected to be less than the minimum $9,500 that the Board had considered appropriate to be credited to the Drilling and Exploration Fund each year.

4.46 (a) Not Registered/E4.19.35-12/Tilley Gas Company Limited

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85084 dated June 12, 1985.

SECTION 5: GAS UTILITIES
Municipally-Owned

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

5.01 (a) Not Registered/E4.101.35-9/Village of Andrew Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85072 dated June 12, 1985.

5.02 (a) RE84114/E4.114.35-10/Town of Castor Gas System

(b) For an Order or Orders approving changes in existing rates, charges or schedules thereof for natural gas supplied and services rendered to its customers within Alberta.

(c) (1) **General**

(A) Order E85059 dated May 17, 1985 approved the schedule of charges applicable to the Utility's standards, regulations and practices on an interim, refundable basis.

(B) Decision E85086, dated June 14, 1985, summary of which follows, determined a utility rate base, fair return, revenue requirement, standards, regulations and practices and the rates to be charged to the Utility's customers using 1984 and 1985 as the test years.

(2) **Utility Rate Base**

(A) The Board excluded from gross plant in service in 1985 the estimated cost of servicing a new mobile home subdivision. The Board considered the cost of $10,000 to be construction work in progress for 1985 because lots would not be available for sale until 1986. The $10,000 plus an allowance for funds used during construction will be included in rate base when the extension is in service and is used or required to be used in the gas distribution system.

(B) The Board increased the value of retirements in 1985 from $1,000 (the estimated salvage value of a vehicle to be retired in 1985) to $4,400 (the original cost of the vehicle).

(C) The Board approved the segregation of property, plant and equipment into 6 classes to allow for the use of separate depreciation rates which more closely match the lives of the assets being depreciated. The Board approved annual depreciation rates of 0% for land, 3% for engineering structures, machinery and equipment and buildings, 10% for vehicles and 20% for computer systems.

(D) The Board considered it appropriate to amortize over 5 years the excess of booked accumulated depreciation over theoretical accumulated depreciation of $13,569 as at December 31, 1983. The Board therefore reduced annual depreciation expense by $2,714 for both 1984 and 1985.

(E) The Board accepted the use of the "one-eighth" rule with respect to the cash operating expense component of necessary working capital. The Board concluded that an examination of the lead-lag in the data for natural gas purchases, sales and rebates showed the net lead-lag was zero and therefore considered no adjustment was required to necessary working capital calculations for the cost of purchased gas. The Board accepted the Utility's revised claim for operation and maintenance inventory to be included in necessary working capital. The Board reduced the unamortized rate hearing costs component of necessary working capital from the full-year value to the mid-year value.

(3) **Fair Return**

(A) The Board considered the mid-year balance of an unamortized winter works grant as no-cost capital as proposed by the Utility but decided to continue amortizing the grant at the historically approved 4% per annum rather than the 3% proposed by the Utility.

(B) The Board considered the Equity component of the rate base to be the remainder determined by subtracting the full amount of the mid-year balance of the outstanding debenture principal and the no-cost capital from the rate base.

(C) The Board considered the actual cost rate of 12.375% of the Utility's debenture debt to be an appropriate debt rate for 1984 and 1985.

(D) The Board approved the Utility's requested rate of return of 15% for 1984 and for 1985 on that portion of the rate base deemed to be financed by equity.

(4) **Utility Revenue Requirement**

(A) The Board considered the forecast system line losses of approximately 3.5% to be somewhat high but accepted the Utility's forecast of gas purchase volumes for the test years. The Board directed the Utility to submit, at the time of its next general rate application, details of forecast gas purchase volumes for the test year(s) pertaining to that application together with historical purchases and sales volumes for the years 1984 up to and including the year preceding the test year(s).

(B) The Board accepted the Utility's cash operating expenses as submitted for 1984 and 1985 but directed the Utility to provide evidence supporting the allocation of common Town expenses and salaries and wages to the Utility.

(5) **Rates**

(A) The Board approved an increase in the fixed monthly charge from $3.00 per month per customer to $7.00 per month per customer.

(B) The Board recalculated the commodity rate required on a forecast basis to reflect the adjustments to the forecast 1985 revenue requirement determined by the Board. The Board considered it appropriate to reduce the commodity rate effective on consumption on and after June 1, 1985 by the amount of the Canadian Ownership Special Charge (COSC) component of previously approved rates in order to reflect the reduction of COSC from 14¢ per GJ to zero by the Government of Canada, effective June 1, 1985.

(C) The Board considered, in its determination of a revenue deficiency, the revenue from a municipal surcharge imposed in 1984 by the Utility. The Utility indicated the surcharge would be removed with the approval of new rates. The Board determined the total revenue deficiency for the test years 1984 and 1985 to be $51,409.

(D) The Board approved a deficiency revenue rider to be effective on gas consumption for the period June 1, 1985 to March 31, 1986 inclusive. The Board considered that an undue hardship might be placed upon the customers of the Utility if the rider were in place only during 1985.

(6) **Other Matters**

The Board approved amendments to the Utility's standards, regulations and practices, and finalized the changes to the schedule of charges approved on an interim refundable basis in Order E85059.

5.03 (a) Not Registered/E4.102.35-12/Village of Chauvin Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian

Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85052 dated June 12, 1985.

5.04 (a) Not Registered/E4.113.35-13/Town of Daysland Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85053 dated June 12, 1985.

5.05 (a) Not Registered/E4.112.35-13/Town of Devon Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85077 dated June 12, 1985.

5.06 (a) RE84120/E4.125.35-1/Village of Galahad Gas System

(b) For an Order or Orders of the Board fixing just and reasonable rates, tolls and charges for natural gas supplied and services rendered to its customers and fixing just and reasonable Standards, Regulations and Practices to be imposed, observed and followed with respect to the services rendered to its customers.

(c) (1) **General**

Decision E85087 dated June 28, 1985 determined a rate base, fair return, revenue requirement, standards, regulations and practices and rates to be charged to the Village of Galahad Gas System's (the Village) customers. Test years were considered to be 1984 and 1985.

(2) **Rate Base**

In its Application, the Village deducted year-end contributions in aid of construction (CIAC) from year-end gross plant in service in arriving at the net plant in service. The Board considers that the rate base should generally be developed from the original cost of the gross plant and the related accumulated depreciation unadjusted for the balance of CIAC. CIAC are considered to be one form of capital which finances the rate base. The Board therefore included the mid-year unamortized portion of CIAC as no-cost capital considered to be financing the rate base.

(3) **Fair Return**

The Board considered the cost rates for debt and equity to be 10% and 14% respectively for both test years. The debt cost was based on the embedded cost of debt for the Village's Alberta Municipal Financing Corporation Debenture.

(4) **Revenue Requirement**

(A) The Board allowed a normal line loss of 2.85% to be included in the calculation of 1984 gas purchase costs. The Board did not consider it appropriate to include losses resulting from a line break that occurred in June, 1984 or a January, 1984 billing dispute in the 1984 revenue requirement as these were considered not to be normal situations. The Board also included the normal 2.85% line loss in the 1985 Gas Purchase Costs.

(B) The Board adjusted the 1985 gas purchase cost for the increase in the Gas Alberta Selling Price of $0.05 per GJ and the reduction of the Canadian Ownership Special Charge (COSC) of $0.14 per GJ (by regulation under the Energy Administration Act), which were both effective on consumption on and after June 1, 1985.

(5) **Rates**

(A) The Board approved a fixed charge of $5.00 per month and a commodity charge of $2.74 per Mcf effective on consumption on and after June 1, 1985.

(B) In order to calculate the annualized base commodity rate effective on consumption on and after June 1, 1985 and continuing into 1986 and beyond, the Board adjusted the revenue requirement to reflect gas purchase costs as if the changes to the Gas Alberta Selling Price and the COSC had occurred on January 1, 1985.

(C) The Board approved a revenue deficiency rider of $0.26 per Mcf on all consumption from June 1, 1985 to January 31, 1986. The eight month period for the recovery of the 1984 and 1985 revenue deficiencies was used in order to meet the stipulation by the Village that the combination of any increased base commodity rate and deficiency rider not exceed $3.01 per Mcf.

(6) **Other Matters**

The Board approved the standards, regulations and practices as revised and submitted by the Village to take into account the concerns raised by the Board at the hearing.

5.07 (a) RE85074/E4.125.35-2/Village of Galahad Gas System

(b) For a review and variance of Board Decision E85087 dated June 28, 1985.

(c) (1) Decision E85112 dated October 4, 1985 approved a decrease in the Base Commodity Rate and the Revenue Deficiency Rate Rider which were both fixed and approved in Decision E85087 based on the 1984 and 1985 test years. The Village of Galahad Gas System (the Village) provided the Board with additional information which was not known or made available at the hearing of the General Rate Application.

The original supply contract between the Village and the South Flagstaff Gas Co-op (the Co-op) required the Co-op to do all the meter reading and billing for the Village. The cost of this service was included in the Co-op Operating Fee of $0.19/GJ. Subsequently, the two parties agreed that the Village would do its own meter reading and billing. Instead of reducing the Operating Fee, the Village separately billed the Co-op $100 per month (the Meter Reading Refund). The Village has been collecting this Meter Reading Refund throughout the 1984 and 1985 test years. However, due to an oversight by the Village, the Meter Reading Refund was not included in the material filed in support of the Village's General Rate Application nor were the alterations to the

original supply contract ever submitted to the Board for approval. Subsequent to the General Rate hearing, the Village and the Co-op renegotiated the Co-op Operating Fee from $0.19/GJ to $0.14/GJ effective for gas purchases on and after June 1, 1985. The Village would also no longer be receiving the Meter Reading Refund after June 1, 1985. The Village applied for a rate reduction to reflect these changes to the gas supply contract.

(2) The Village was ordered to apply to the Board for approval of all alterations to the supply contract since it was approved by the Board in Order E75060

5.08 (a) Not Registered/E4.120.35-8/Village of Halkirk Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85054 dated June 12, 1985.

5.09 (a) Not Registered/E4.105.35-13/Town of High Prairie Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85073 dated June 12, 1985.

5.10 (a) RE85080/E4.105.35-14/Town of High Prairie Gas System

(b) For approval of a change in rates.

(c) (1) **General**

(A) Decision E85141 dated December 20, 1985 determined a rate base, fair return, revenue requirement and rates for the 1985 and 1986 test years and rescinded Order E77192, which had exempted the Town of High Prairie Gas System (the Town) from the requirement to determine a rate base under Section 29 of the Gas Utilities Act (the GU Act).

(B) An Order approving the Town's Standards, Regulations and Practices was pending at year-end.

(2) **Rate Base**

(A) The Board granted the Town's request to rescind Order E77192 as of January 1, 1985.

(B) The Board considered it reasonable to use the figures in the Town's audited financial statements for year end 1976, as an opening balance in the calculation to determine the Town's investment in property, plant and equipment.

(C) The Board accepted the additions and retirements since 1976 as submitted by the Town.

(D) In Decision E77193, the Board accepted debenture principal repayments in lieu of depreciation. In this decision the Board granted the Town's request to adopt a more conventional depreciation method.

(E) The Board accepted the Town's proposed depreciation rates for Vehicles, Machinery and Equipment and the original Engineering Structures purchased prior to 1977. However the Board reduced the depreciation rate on post-1976 additions to Engineering Structures from 5% to 3%.

(F) The Board noted that the Town erred in its treatment of a retirement, and directed the Town in the proper adjustment to be made in future to their accumulated depreciation accounts to record retirements and salvage.

(G) The Board noted that the Town erred in its calculation of depreciation expense for the years 1985 and 1986, by calculating depreciation expense on plant that was already fully depreciated. The Board directed the Town in the proper procedures for calculating depreciation expense.

(H) The Board excluded Capital Inventory (Inventory Held for Construction) from the Rate Base.

(3) **Fair Return**

(A) Given the maturity date of the Town's debenture issue, the Board considered it appropriate to calculate mid-year debenture debt for 1985 as the average of 1985 and 1986 balances, and for 1986 as the average of 1986 and 1987 balances.

(B) The Board reduced the rate of amortization on no cost capital from 5% to 3% and consequently increased the amount of Contributions in Aid of Construction (CIAC) in the Town's capital structure.

(C) The Town requested a 16% return on equity for both test years. The Board approved a 15% return on equity for both years.

(4) **Revenue Requirement**

(A) The Board excluded two months of expenses for the meter reader from the 1985 Cash Operating Expenses, because the individual was not hired until March.

(B) The Board accepted the Town's charge of municipal taxes against the Utility, pursuant to Alberta Regulation 57/65.

(C) The Board accepted the Town's estimate of capitalized labour and equipment, but directed the Town to henceforth record actual capitalized labour and equipment.

(D) The Board recognized excess accumulated depreciation at year end 1984 of $28,257, resulting from the change in depreciation method. The Board considered it appropriate to amortize the entire amount in 1985. The Board reduced the Town's depreciation expense for 1985 by that amount.

(E) The Board reduced the amortization of CIAC following its decision to reduce the rate of amortization from 5% to 3%.

(5) **Rates**

(A) The Board accepted the Town's proposed rate design.

(B) The Board reduced the proposed 1986 annualized commodity rate by 4¢/Mcf to reflect the total reduction in the 1986 Revenue Requirement made by the Board in this decision.

(C) The Board recognized a deficiency for the 1985 test year, but did not approve a deficiency rider, in recognition of the fact that the Town did not request a deficiency rider and had already collected any deficiency through a municipal surcharge.

(6) **Other Matters**

(A) The Board directed the Town to list a 24 hour emergency phone number in the next issue of the telephone directory.

(B) The Board directed the Town to change the wording of its surcharge to conform strictly with the requirements of Section 39 of the GU Act.

5.11 (a) Not Registered/E4.121.35-10/Town of Killam Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85055 dated June 13, 1985.

5.12 (a) RE85033/E4.121.24(1)(e)-2/Town of Killam Gas System

(b) For an Order approving the purposes of and authorizing the issue of a 1980 Debenture Issue No. 117 in the amount of $47,085 and a 1982 Debenture Issue No. 121 in the amount of $3,652.

(c) The Town of Killam Gas Utility, by letter dated July 8, 1985, withdrew the Application as it was made redundant due to the effect of the Utilities Statutes Amendment Act, 1984.

5.13 (a) Not Registered/E4.123.35-10/Town of Lac La Biche Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85079 dated June 12, 1985.

5.14 (a) RE84085/E4.117.24(1)(g)/Town of Manning Gas System

(b) For an Order amending Schedule "A" of Board Order E84132 dated October 11, 1984.

(c) Approved/E85021 dated February 7, 1985.

5.15 (a) Not Registered/E4.117.35-14/Town of Manning Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85056 dated June 12, 1985.

5.16 (a) RE84106/E4.124.35-1/New Town of Rainbow Lake Gas System

(b) For an Order or Orders of the Board fixing just and reasonable rates, tolls or charges for natural gas supplied and services rendered to its customers within Alberta.

(c) (1) **General**

Decision E85041, dated March 29, 1985, determined a utility rate base, fair return, revenue requirement, standards, regulations and practices and the rates to be charged to the New Town of Rainbow Lake Gas System's (Town) customers using 1985 as a test year.

(2) **Utility Rate Base**

(A) The Board considered gross plant in service to be overstated by $3,668 as a result of a duplication in materials respecting 1982 additions.

(B) The Board approved the use of 3% and 10% depreciation rates for distribution system plant and operating equipment assets, respectively.

(C) The Board considered that cash operating expenses related to capital additions in 1985 should be removed from the Allowance for necessary working capital.

(D) The Board accepted the Town's estimate of lead-lag in operating expenses and applied those estimates in determining necessary working capital related to cash operating expenses.

(E) The Board reduced unamortized rate hearing costs for 1985 by $804.

(3) **Fair Return**

(A) The Board considered all Contributions in Aid of Construction (CIAC), including those provided by the Town for service to its properties, to be no-cost capital. The Town had considered that portion of CIAC to be a part of the residual equity.

(B) The Board deemed a capital structure consisting of 80% debt and 20% equity for total capital, excluding no-cost capital, deemed to be financing the rate base.

(C) The Board considered the unamortized balance of CIAC to be used entirely to finance rate base. Government grants, debt and equity were considered to finance the remaining rate base in the same ratio that their individual amounts bore to their total.

(D) The Board considered the cost rate for debt and common equity to be 16.5% and 15% respectively. Debt costs were based on the embedded cost of debt for the Town's Alberta Municipal Financing Corporation Debenture.

(4) **Utility Revenue Requirement**

(A) The Board accepted the Town's forecast volume and cost of purchased gas after it had responded to an undertaking arising from the hearing. The undertaking resulted in a $3,681 addition to cash operating expense, over the original submission.

(B) The Board reduced cash operating expense by $150 to reflect maintenance of installed meters and not those held for future use.

(C) The Board considered rate hearing costs estimated with respect to employees and administrators of the Town to be part of the normal responsibilities of the Town and accordingly, reduced rate hearing costs by $3,208.

(5) **Rates**

(A) The Board approved a fixed charge of $10.00 per month and a commodity charge of $3.70 per gigajoule for all consumption on or after March 1, 1985.

(B) The Board approved a credit rider of 11.5% for all consumption on or after March 1, 1985 to December 31, 1985 inclusive, to refund the excess revenue accumulated from rates in effect since January 1, 1985.

(6) **Other Matters**

(A) The Board approved the standards, regulations and practices as submitted, with the exception of a change to Section 22. The Board considered that this section should reflect the actual wording of the Gas Utilities Act, that provides the Town with the statutory authority to impose a surcharge.

(B) The Board approved the schedule of fees and charges as submitted but considered that the Town should further address this matter at the time of its next General Rate Application.

5.17 (a) Not Registered/E4.124.35-2/New Town of Rainbow Lake Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85051 dated June 12, 1985.

5.18 (a) Not Registered/E4.106.35-13/Town of Redwater Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85074 dated June 12, 1985.

5.19 (a) Not Registered/E4.122.35-8/Town of Sedgewick Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85057 dated June 13, 1985.

5.20 (a) RE84093/E4.107.35-17/Town of Slave Lake Gas System

(b) For approval of a change in rates.

(c) (1) **General**

(A) Decision E85019 dated February 12, 1985 ordered the Town of Slave Lake Gas System (the Town) to amend its application to include a general rate application for the test years 1984 and 1985.

(B) Decision E85116 dated November 25, 1985 determined a rate base, fair return, and revenue requirement for the 1984 and 1985 test years and fixed just and reasonable rates for the Town Gas Utility (Utility).

(2) **Rate Base**

(A) Disallowed from rate base $25,000 with respect to 1985 forecast capital additions based on the Utility's evidence that the projects represented by the above mentioned amount would not be undertaken in 1985.

(B) Accepted for purposes of the Decision additions to gross plant in 1983 and 1984 which had not been reflected in the Financial Statements of $42,288 and $14,914, respectively.

The Utility was directed to reflect these amounts in the 1985 Financial Statements.

(C) The Utility was directed to review plant balance as at year-end 1985 to ensure that it properly reflected plant-in-service and to report the results of the review to the Board by year-end 1986.

(D) The Utility was directed to review its depreciation rates and address the issue of appropriate depreciation rates at the time of its next General Rate Application.

(E) Board adjustments to the Utility's necessary working capital.

- Employee benefits payment lag reduced from 45 days to 32 days
- Maintenance expense lag reduced from 45 days to zero.
- Unamortized rate hearing costs reduced to zero from $2,500, in each of the test years.

(3) **Fair Return**

(A) Determined that the ratio of equity capital to Debt in the Capital Structure would be 60:40.

(B) Determined the fair rate of return on equity capital to be 15% for 1984 and 14.5% for 1985.

(4) **Revenue Requirement**

(A) **General**

Reduced the revenue requirement prosposed by the Utility, by $21,447 in 1984 and $26,338 in 1985.

(B) **Cash Operating Expenses**

Board adjustments to cash operating expenses included the following:

(i) 1984 meter revalidation costs adjusted to the estimated actual amount spent by the Utility in 1984. 1985 meter revalidation costs adjusted to include amortization of prior years' "catch up" expenditure, over a period of 3 years.

(ii) Disallowed the allocation to the Utility of a portion of the Director of Public Works' salary for the reason that the Utility did not provide any evidence respecting the nature of service provided by the Director of Public Works.

(5) **Utility Revenue**

Adjusted the 1984 utility revenue as reflected in the Application to include $14,279 with respect to a billing adjustment to industrial customers not reflected in the 1984 Financial Statements.

(6) **Rates**

Fixed and approved customer rates with certain changes to rate design. The rate design changes

included removal of zone designations for similar user types, and an increase in the monthly fixed charge, designed to recover a greater proportion of the Utility's fixed costs.

5.21 (a) Not Registered/E4.107.35-17/Town of Slave Lake Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85088 dated June 14, 1985.

5.22 (a) Not Registered/E4.108.35-16/Town of Sundre Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85075 dated June 12, 1985.

5.23 (a) Not Registered/E4.115.35-12/Village of Thorhild Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85078 dated June 12, 1985.

5.24 (a) Not Registered/E4.110.35-13/Town of Valleyview Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve a decrease in rates as a result of a decrease in the Canadian Ownership Special Charge and an increase in Gas Alberta's wholesale gas rate.

(c) Approved/E85050 dated June 12, 1985.

5.25 (a) Not Registered/E4.111.35-13/Town of Wainwright Gas System

(b) The Board proceeding on its own motion pursuant to Section 50(1) of the Public Utilities Board Act to approve an interim refundable decrease in rates as a result of a decrease in the Canadian Ownership Special Charge.

(c) Approved/E85076 dated June 12, 1985.

SECTION 6: UTILITIES NOT OFFERING UTILITY SERVICES TO THE GENERAL PUBLIC

SECTION 6A

Applications for a declaration that, for the purposes of the Gas Utilities Act and the Public Utilities Board Act, the applicant is not an owner of a gas utility or a public utility or that any thing is not a gas utility or a public utility. These applications were approved unless otherwise noted.

Data in this sub-section are reported in order of registration number.

ITEM NUMBER **(REGISTRATION NUMBER/FILE NUMBER/ APPLICANT/REFERENCE)**

6.01 RC85001/C4.4405.3(1)(b)/James E. McInnes/C85001 dated January 3, 1985.

6.02 RC85002/C4.4406.3(1)(b)/Tyro Ventures Limited/ C85002 dated January 3, 1985.

6.03 RC85003/C4.4407.3(1)(b)/Patter Holdings Ltd./C85003 dated January 3, 1985.

6.04 RC85004/C4.4408.3(1)(b)/Perpetuity Investments Ltd./ C85004 dated January 3, 1985.

6.05 RC85005/C4.4409.3(1)(b)/G. MacDonald Consulting Ltd./C85005 dated January 3, 1985.

6.06 RC85006/C4.4410.3(1)(b)/William G. MacDonald/ C85006 dated January 3, 1985.

6.07 RC85007/C4.4411.3(1)(b)/Ken Davis Petroleum Ltd./ C85007 dated January 3, 1985.

6.08 RC85008/C4.4412.3(1)(b)/321595 Alberta Ltd./C85008 dated January 10, 1985.

6.09 RC85009/C4.4413.3(1)(b)/TRC-1 Partnership/C85009 dated January 10, 1985.

6.10 RE85009/E4.4425.3(1)(b)/Ocelot 84-VIII Development Program/ E85018 dated January 24, 1985.

6.11 RC85010/C4.4414.3(1)(b)/297084 Alberta Ltd./C85010 dated January 10, 1985.

6.12 RC85011/C4.4415.3(1)(b)/Luscar Ltd./C85011 dated January 10, 1985.

6.13 RC85012/C4.4416.3(1)(b)/Garfield Resources Ltd./ C85012 dated January 10, 1985.

6.14 RC85013/C4.646.3(1)(b)-3/Sceptre Resources Limited/C85013 dated January 10, 1985.

6.15 RC85014/C4.4417.3(1)(b)/Leon Miller & Trevor Stringer, as Trustees of The Chateau Signalta Trust/C85014 dated January 10, 1985.

6.16 RC85015/C4.4418.3(1)(b)/321594 Alberta Ltd./C85015 dated January 17, 1985.

6.17 RC85016/C4.1176.3(1)(b)/McD. Minerals Ltd./C85016 dated January 17, 1985.

6.18 RC85017/C4.4419.3(1)(b)/Tugboat 1982 Exploration & Development Program/C85017 dated January 17, 1985.

6.19 RC85018/C4.4420.3(1)(b)/Craigmont Mines Limited/ C85018 dated January 24, 1985.

6.20 RC85019/C4.4421.3(1)(b)/McMoRan-Transco Canada Company/C85019 dated January 24, 1985.

6.21 RC85020/C4.4422.3(1)(b)/Aurora-Tiber 1970 Exploration Program/C85020 dated January 24, 1985.

6.22 RC85021/C4.4423.3(1)(b)/322323 Alberta Ltd./C85021 dated January 24, 1985.

6.23 RC85022/C4.4424.3(1)(b)/Woodco Resources Ltd./ C85022 dated January 24, 1985.

6.24 RC85023/C4.4426.3(1)(b)/Madawaska Mines Limited/ C85023 dated January 24, 1985.

6.25 RC85024/C4.1693.3(1)(b)/Lockwood Resources Ltd./ C85024 dated January 24, 1985.

6.26 RC85025/C4.4427.3(1)(b)/Novacorp Pressure Transport Ltd./C85025 dated January 24, 1985.

6.27 RC85026/C4.4428.3(1)(b)/Comstate Resources Ltd./C85027 dated January 28, 1985.

6.28 RC85027/C4.4429.3(1)(b)/Halmar Resources Limited/C85028 dated January 31, 1985.

6.29 RC85028/C4.4430.3(1)(b)/320383 Alberta Ltd./C85029 dated January 31, 1985.

6.30 RC85029/C4.4431.3(1)(b)/136908 Canada Ltd./C85030 dated January 31, 1985.

6.31 RC85030/C4.4432.3(1)(b)/J. C. Exploration Ltd./C85031 dated January 31, 1985.

6.32 RC85031/C4.4433.3(1)(b)/Burtt Energy Ltd./C85032 dated January 31, 1985.

6.33 RC85032/C4.4434.3(1)(b)/Liberty Energy Ltd./C85033 dated January 31, 1985.

6.34 RC85033/C4.4435.3(1)(b)/Rabatich Investments Ltd./C85034 dated January 31, 1985.

6.35 RC85034/C4.4436.3(1)(b)/Bonli Investments Ltd./C85035 dated January 31, 1985.

6.36 RE85034/C4.4510.3(1)(b)/G.N.E. Resources Ltd./C85123 dated April 11, 1985.

6.37 RC85035/C4.4437.3(1)(b)/315357 Alberta Ltd./C85036 dated January 31, 1985.

6.38 RC85036/C4.4438.3(1)(b)/Saba Energy Inc./C85037 dated January 31, 1985.

6.39 RC85037/C4.4439.3(1)(b)/Rodeo Resources Ltd./C85038 dated January 31, 1985.

6.40 RC85038/C4.4440.3(1)(b)/Raymond Mack/C85039 dated January 31, 1985.

6.41 RE85038/E4.1827.3(1)(b)/Caltorwin Resources Ltd./E85047 dated April 3, 1985.

6.42 RC85039/C4.4441.3(1)(b)/Dr. Grant C. Sabey/C85040 dated January 31, 1985.

6.43 RC85040/C4.4442.3(1)(b)/Ziff Oil & Gas Limited/C85041 dated January 31, 1985.

6.44 RC85041/C4.4443.3(1)(b)/319979 Alberta Inc./C85042 dated January 31, 1985.

6.45 RC85042/C4.4444.3(1)(b)/William Bruce/C85043 dated January 31, 1985.

6.46 RC85043/C4.4445.3(1)(b)/A. Frelen Dahl/C85044 dated January 31, 1985.

6.47 RC85044/C4.4446.3(1)(b)/Edmund Mack/C85045 dated January 31, 1985.

6.48 RC85045/C4.4447.3(1)(b)/Landsea Oil & Gas Ltd./C85046 dated January 31, 1985.

6.49 RC85048/C4.4449.3(1)(b)/283053 Alberta Ltd./C85049 dated February 7, 1985.

6.50 RC85049/C4.4450.3(1)(b)/Mermaid Resources Ltd./C85050 dated February 7, 1985.

6.51 RC85050/C4.4451.3(1)(b)/Lassiter Kuma Oils Ltd./C85051 dated February 7, 1985.

6.52 RC85051/C4.579.3(1)(b)/Canada Geothermal Oil Ltd./C85052 dated February 7, 1985.

6.53 RE85051/E4.4562.3(1)(b)/Terra Mines Ltd./E85062 dated May 22, 1985.

6.54 RC85052/C4.4452.3(1)(b)/William Taylor/C85053 dated February 7, 1985.

6.55 RE85052/E4.4565.3(1)(b)/Interlake Development Corp./E85065 dated May 27, 1985.

6.56 RC85053/C4.4453.3(1)(b)/Ernst & Whinney Inc. as Receiver-Manager of Bird Oil Equipment Ltd./C85054 dated February 14, 1985.

6.57 RE85053/E4.4567.3(1)(b)/Core Energy Corp./E85066 dated May 27, 1985.

6.58 RC85054/C4.4454.3(1)(b)/Bird Oil Equipment Ltd./C85055 dated February 14, 1985.

6.59 RE85054/E4.4566.3(1)(b)/Beaverhead Resources Ltd./E85064 dated May 27, 1985.

6.60 RC85055/C4.4455.3(1)(b)/James F. Topham/C85056 dated February 14, 1985.

6.61 RE85055/E4.4568.3(1)(b)/Claytron Energy Corp./E85067 dated May 27, 1985.

6.62 RC85056/C4.4456.3(1)(b)/Topper Resources Ltd./C85057 dated February 14, 1985.

6.63 RC85057/C4.4457.3(1)(b)/Wink Resources Ltd./C85058 dated February 14, 1985.

6.64 RC85058/C4.4458.3(1)(b)/Ronald G. Winkelaar/C85059 dated February 14, 1985.

6.65 RC85059/C4.4459.3(1)(b)/Mar-Beth Resources Ltd./C85060 dated February 14, 1985.

6.66 RC85060/C4.4460.3(1)(b)/Northridge Petroleum Marketing Inc./C85061 dated February 14, 1985.

6.67 RC85061/C4.4461.3(1)(b)/305908 Alberta Ltd./C85062 dated February 14, 1985.

6.68 RC85062/C4.4462.3(1)(b)/321299 Alberta Ltd./C85063 dated February 14, 1985.

6.69 RC85063/C4.4463.3(1)(b)/Unicon Producing Company/C85064 dated February 14, 1985.

6.70 RC85064/C4.4464.3(1)(b)/Union Texas Canada Ltd./C85065 dated February 14, 1985.

6.71 RE85064/E4.4621.3(1)(b)/Shell-Ray Holdings Ltd./Application not pursued by Applicant as a result of the proclamation of the Utilities Statutes Amendment Act.

6.72 RC85065/C4.4465.3(1)(b)/Uni-Globe International Energy Corporation/C85067 dated February 21, 1985.

6.73 RC85066/C4.4466.3(1)(b)/323782 Alberta Ltd./C85068 dated February 21, 1985.

6.74 RC85067/C4.4467.3(1)(b)/323783 Alberta Ltd./C85069 dated February 21, 1985.

6.75 RC85068/C4.4468.3(1)(b)/323784 Alberta Ltd./C85070 dated February 21, 1985.

6.76 RC85069/C4.4469.3(1)(b)/323785 Alberta Ltd./C85071 dated February 21, 1985.

6.77 RC85070/C4.4470.3(1)(b)/323786 Alberta Ltd./C85072 dated February 21, 1985.

6.78 RC85071/C4.4471.3(1)(b)/315989 Alberta Ltd./C85073 dated February 21, 1985.

6.79 RC85072/C4.4472.3(1)(b)/Step By Step Resources Ltd./C85074 dated February 21, 1985.

6.80 RC85073/C4.4473.3(1)(b)/304707 Alberta Inc./C85075 dated February 21, 1985.

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6.81 RC85074/C4.4474.3(1)(b)/Arlington Investment Company/C85077 dated February 28, 1985.

6.82 RC85075/C4.4475.3(1)(b)/Baxter Technologies Corporation/C85078 dated February 28, 1985.

6.83 RC85076/C4.4476.3(1)(b)/319977 Alberta Inc./C85079 dated February 28, 1985.

6.84 RC85077/C4.4477.3(1)(b)/William Wray/C85080 dated February 28, 1985.

6.85 RC85078/C4.4478.3(1)(b)/Touche Ross Limited as Trustee of the Estate of the bankrupt, Ridgewood Resources Ltd./C85081 dated February 28, 1985.

6.86 RC85080/C4.3274.3(1)(b)-2/Wellore Resources Ltd./C85083 dated March 7, 1985.

6.87 RC85081/C4.4480.3(1)(b)/Quesaida Investments Limited/C85084 dated March 7, 1985.

6.88 RC85082/C4.4481.3(1)(b)/Amber Investments Ltd./C85085 dated March 7, 1985.

6.89 RC85083/C4.4482.3(1)(b)/Lotus Resources Ltd./C85086 dated March 7, 1985.

6.90 RC85084/C4.4483.3(1)(b)/Nanco Holdings Ltd./C85087 dated March 7, 1985.

6.91 RC85085/C4.4484.3(1)(b)/Uldis Upitis/C85088 dated March 7, 1985.

6.92 RC85086/C4.4485.3(1)(b)/Chambave Investments Limited/C85089 dated March 7, 1985.

6.93 RC85087/C4.4486.3(1)(b)/Malvasia Energy Limited/C85090 dated March 7, 1985.

6.94 RC85088/C4.4487.3(1)(b)/Tambolle Resources Limited/C85091 dated March 7, 1985.

6.95 RC85089/C4.4479.3(1)(b)/John Kenneth Fowlie/C85092 dated March 7, 1985.

6.96 RC85091/C4.1054.3(1)(b)/Can-Am Drilling Programs Limited Partnership 1978-2/C85093 dated March 14, 1985.

6.97 RC85092/C4.4488.3(1)(b)/Kenneth Oliver Fowlie/C85094 dated March 14, 1985.

6.98 RC85093/C4.4489.3(1)(b)/Calpro 1983-1 Gas Processing Limited Partnership/C85095 dated March 14, 1985.

6.99 RC85094/C4.4490.3(1)(b)/Kispiox Investments Ltd./C85098 dated March 20, 1985.

6.100 RC85095/C4.515.3(1)(b)/Alberta Underground Storage Limited/C85099 dated March 20, 1985.

6.101 RC85096/C4.4492.3(1)(b)/297608 Alberta Inc./C85100 dated March 20, 1985.

6.102 RC85097/C4.4493.3(1)(b)/297608 Production Limited Partnership 1984/C85101 dated March 20, 1985.

6.103 RC85098/C4.4491.3(1)(b)/Cotton Petroleum Corporation/C85102 dated March 20, 1985.

6.104 RC85099/C4.4494.3(1)(b)/442612 Ontario Limited/C85103 dated March 20, 1985.

6.105 RC85100/C4.4495.3(1)(b)/273110 B.C. Ltd./C85104 dated March 20, 1985.

6.106 RC85101/C4.4496.3(1)(b)/On-Stream Natural Gas Management Inc./C85105 dated March 20, 1985.

6.107 RC85102/C4.4497.3(1)(b)/Canergy Resources Ltd./C85106 dated March 20, 1985.

6.108 RC85103/C4.4498.3(1)(b)/Kaneb Subsidiary Inc./C85107 dated March 20, 1985.

6.109 RC85104/C4.4499.3(1)(b)/Calpine Resources Incorporated/C85108 dated March 20, 1985.

6.110 RC85105/C4.4500.3(1)(b)/On-Stream Natural Gas Management Inc. on behalf of On-Stream Natural Gas Limited Partnership 1/C85109 dated April 4, 1985.

6.111 RC85106/C4.4501.3(1)(b)/275776 Alberta Inc./C85110 dated March 28, 1985.

6.112 RC85107/C4.4502.3(1)(b)/287076 Alberta Ltd./C85111 dated March 28, 1985.

6.113 RC85108/C4.4503.3(1)(b)/Gander Petroleums Limited/C85112 dated March 28, 1985.

6.114 RC85109/C4.4504.3(1)(b)/Hans J. Maier/C85113 dated March 28, 1985.

6.115 RC85110/C4.4505.3(1)(b)/324086 Alberta Ltd./C85114 dated March 28, 1985.

6.116 RC85111/C4.4506.3(1)(b)/137496 Canada Inc./C85115 dated March 28, 1985.

6.117 RC85112/C4.4507.3(1)(b)/Cymric Resources Ltd./C85117 dated March 28, 1985.

6.118 RC85113/C3.4508.70.1(1)(b)/Pinebrook Golf and Country Club/C85118 dated March 28, 1985.

6.119 RC85116/C4.4511.3(1)(b)/Ricinus Resources Ltd./C85121 dated April 4, 1985.

6.120 RC85119/C4.4514.3(1)(b)/317124 Alberta Ltd./C85126 dated April 18, 1985.

6.121 RC85120/C4.4515.3(1)(b)/Texas Pacific Oil Company, Inc./C85127 dated April 18, 1985.

6.122 RC85121/C4.4516.3(1)(b)/Texas Pacific Oil Company (U.K.), Inc./C85128 dated April 18, 1985.

6.123 RC85122/C4.4517.3(1)(b)/The Seagram Company Ltd./C85130 dated April 18, 1985.

6.124 RC85123/C4.4508.3(1)(b)/327538 Alberta Ltd./C85131 dated April 18, 1985.

6.125 RC85124/C4.4518.3(1)(b)/Montenay S. A./C85132 dated April 25, 1985.

6.126 RC85125/C4.4519.3(1)(b)/322135 Alberta Ltd./C85133 dated April 25, 1985.

6.127 RC85126/C4.4520.3(1)(b)/322138 Alberta Ltd./C85134 dated April 25, 1985.

6.128 RC85127/C4.4521.3(1)(b)/322139 Alberta Ltd./C85135 dated April 25, 1985.

6.129 RC85128/C4.4522.3(1)(b)/322140 Alberta Ltd./C85136 dated April 25, 1985.

6.130 RC85129/C4.4523.3(1)(b)/325164 Alberta Ltd./C85137 dated April 25, 1985.

6.131 RC85130/C4.4524.3(1)(b)/Dover Park Development Corporation Ltd./C85138 dated April 25, 1985.

6.132 RC85131/C4.4525.3(1)(b)/Alvin Libin/C85139 dated April 25, 1985.

6.133 RC85132/C4.4526.3(1)(b)/Centenary Distillers Ltd./C85140 dated April 25, 1985.

6.134 RC85133/C4.4527.3(1)(b)/G.N.E. Exploration Ltd./C85141 dated April 25, 1985.

6.135 RC85134/C4.4528.3(1)(b)/J. M. Huber Corporation/C85143 dated April 26, 1985.

6.136 RC85135/C4.4529.3(1)(b)/Barrington Petroleum Ltd./C85144 dated May 2, 1985.

6.137 RC85136/C4.4530.3(1)(b)/Danubis Limited/C85145 dated May 2, 1985.

6.138 RC85137/C4.4531.3(1)(b)/Camreco Inc./C85146 dated May 2, 1985.

6.139 RC85138/C4.4532.3(1)(b)/Bondi Energy Limited/C85148 dated May 9, 1985.

6.140 RC85139/C4.4533.3(1)(b)/Daryl H. Gilbert/C85149 dated May 9, 1985.

6.141 RC85140/C4.4534.3(1)(b)/Rife Resources Ltd./C85150 dated May 9, 1985.

6.142 RC85141/C4.4535.3(1)(b)/Cromwell Resources Inc./C85151 dated May 9, 1985.

6.143 RC85142/C4.4536.3(1)(b)/Torridon Resources Limited on behalf of Torridon (1983) Drilling Program Limited Partnership/C85152 dated May 9, 1985.

6.144 RC85143/C4.4537.3(1)(b)/Geotrek Energy Ltd./C85153 dated May 9, 1985.

6.145 RC85144/C4.4538.3(1)(b)/Prairie Pacific Energy Corporation/C85154 dated May 9, 1985.

6.146 RC85145/C4.4539.3(1)(b)/Gane Energy 1985-86 Production and Development Fund/C85155 dated May 9, 1985.

6.147 RC85146/C4.4540.3(1)(b)/Boar's Head Management Ltd./C85156 dated May 9, 1985.

6.148 RC85147/C4.4541.3(1)(b)/John M. S. Lecky/C85157 dated May 9, 1985.

6.149 RC85148/C4.2248.3(1)(b)-3/The Resource Service Group Ltd./C85158 dated May 9, 1985.

6.150 RC85149/C4.4542.3(1)(b)/Two Oak Investments Ltd./C85159 dated May 9, 1985.

6.151 RC85150/C4.4543.3(1)(b)/Wesco Oils Ltd./C85160 dated May 9, 1985.

6.152 RC85151/C4.4544.3(1)(b)/Numac Oil & Gas Ltd./C85161 dated May 10, 1985.

6.153 RC85153/C4.4546.3(1)(b)/Cameron Scott Brooker/C85163 dated May 16, 1985.

6.154 RC85154/C4.4547.3(1)(b)/Hawkeye Petroleums Ltd./C85164 dated May 16, 1985.

6.155 RC85155/C4.4548.3(1)(b)/Coseka 81-82 Oil and Gas Partnership/C85165 dated May 16, 1985.

6.156 RC85156/C4.3868.3(1)(b)/Coseka-Corvette Partnership/C85166 dated May 16, 1985 amending Board Order C84136 dated March 1, 1984.

6.157 RC85157/C4.4549.3(1)(b)/Centennial Leaseholds Limited/C85167 dated May 16, 1985.

6.158 RC85158/C4.4550.3(1)(b)/The Rocca Group Market Square Development Limited/C85168 dated May 16, 1985.

6.159 RC85161/C4.4552.3(1)(b)/Content Petroleums Ltd./C85171 dated May 16, 1985.

6.160 RC85162/C4.4553.3(1)(b)/2318-4518 Quebec Inc./C85172 dated May 16, 1985.

6.161 RC85163/C4.4555.3(1)(b)/Jecco Development Ltd./C85173 dated May 22, 1985.

6.162 RC85164/C4.4556.3(1)(b)/C.O.G. Energy/C85174 dated May 22, 1985.

6.163 RC85165/C4.4557.3(1)(b)/125150 Canada Limited/C85175 dated May 22, 1985.

6.164 RC85166/C4.4558.3(1)(b)/Kaskada Resources Ltd./C85176 dated May 23, 1985.

6.165 RC85167/C4.4559.3(1)(b)/St. John's Petroleum Ltd./C85177 dated May 23, 1985.

6.166 RC85168/C4.4560.3(1)(b)/Edmalec Investments Ltd./C85178 dated May 23, 1985.

6.167 RC85169/C4.4561.3(1)(b)/Tau Holdings Ltd./C85179 dated May 22, 1985.

6.168 RC85170/C4.4563.3(1)(b)/The Clarkson Company Limited, Trustee in bankruptcy of the Estate of Petroleum Royalties Limited/C85180 dated May 22, 1985.

6.169 RC85171/C4.4564.3(1)(b)/Imasco Limited/C85181 dated May 22, 1985.

6.170 RC85172/C4.4569.3(1)(b)/Brian L. Horejsi/C85182 dated May 30, 1985.

6.171 RC85173/C4.4570.3(1)(b)/Shatto Construction Co. Ltd./C85183 dated May 30, 1985.

6.172 RC85174/C4.4571.3(1)(b)/Polaris Exploration No. 12/C85184 dated May 30, 1985.

6.173 RC85176/C4.4588.3(1)(b)/Eastern Petroleum Corp. Ltd./C85186 dated June 5, 1985.

6.174 RC85177/C4.4573.3(1)(b)/T.E.I. Arctic Exploration Inc./C85187 dated May 30, 1985.

6.175 RC85178/C4.4574.3(1)(b)/PRC-TEI 1985 Limited Partnership/C85188 dated May 30, 1985.

6.176 RC85179/C4.4572.3(1)(b)/Southeast Energy Resources Ltd./C85190 dated June 5, 1985.

6.177 RC85180/C4.4575.3(1)(b)/Owasso Consulting Ltd./C85191 dated June 5, 1985.

6.178 RC85181/C4.4576.3(1)(b)/The Locke Stock & Barrel Company Ltd./C85192 dated June 5, 1985.

6.179 RC85182/C4.4577.3(1)(b)/Picsix Petroleum Ltd./C85193 dated June 5, 1985.

6.180 RC85183/C4.4578.3(1)(b)/119517 Canada Inc./C85194 dated June 5, 1985.

6.181 RC85184/C4.4579.3(1)(b)/Annorm Resources Limited/C85195 dated June 5, 1985.

6.182 RC85185/C4.4580.3(1)(b)/328573 Alberta Ltd./C85196 dated June 5, 1985.

6.183 RC85186/C4.4581.3(1)(b)/Cooke Offshore Resources Ltd./C85197 dated June 5, 1985.

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6.184 RC85187/C4.4582.3(1)(b)/Luap Holding Ltd./C85198 dated June 5, 1985.

6.185 RC85188/C4.4583.3(1)(b)/J. N. Dancey Resources Ltd./C85199 dated June 5, 1985.

6.186 RC85189/C4.4584.3(1)(b)/J. R. Eickmeier Engineering Ltd./C85200 dated June 5, 1985.

6.187 RC85190/C4.4585.3(1)(b)/P. C. Black Resources Ltd./C85201 dated June 5, 1985.

6.188 RC85191/C4.4586.3(1)(b)/GDB Resources Ltd./C85202 dated June 5, 1985.

6.189 RC85192/C4.4587.3(1)(b)/Yungblut Offshore Engineering Ltd./C85203 dated June 5, 1985.

6.190 RC85193/C4.4589.3(1)(b)/Triarch Holdings Inc./C85205 dated June 13, 1985.

6.191 RC85194/C4.1933.3(1)(b)/Minexco Energy Limited Partnership No. 1/C85206 dated June 13, 1985.

6.192 RC85195/C4.4590.3(1)(b)/Minexco Energy Limited Partnership No. 2/C85207 dated June 13, 1985.

6.193 RC85196/C4.4591.3(1)(b)/Geomex Minerals Limited Partnership No. 9/C85208 dated June 13, 1985.

6.194 RC85197/C4.4592.3(1)(b)/Canadian Forest Products Ltd./C85209 dated June 13, 1985.

6.195 RC85198/C4.4593.3(1)(b)/324392 Alberta Inc./C85210 dated June 13, 1985.

6.196 RC85199/C4.4594.3(1)(b)/Canadian Lencourt Mines Ltd./C85211 dated June 13, 1985.

6.197 RC85200/C4.4595.3(1)(b)/Werner Burggemann/C85212 dated June 13, 1985.

6.198 RC85201/C4.4596.3(1)(b)/Klaus Peter Geib/C85213 dated June 13, 1985.

6.199 RC85202/C4.4597.3(1)(b)/Muirfield Developments Ltd./C85214 dated June 13, 1985.

6.200 RC85203/C4.4598.3(1)(b)/Theo Vogelsang/C85215 dated June 13, 1985.

6.201 RC85204/C4.4599.3(1)(b)/Wilstep Investments Limited/C85216 dated June 13, 1985.

6.202 RC85205/C4.4600.3(1)(b)/623855 Ontario Inc./C85217 dated June 20, 1985.

6.203 RC85206/C4.4601.3(1)(b)/Rolf Hauschildt/C85218 dated June 20, 1985.

6.204 RC85207/C4.4602.3(1)(b)/Emanuel Neumann/C85219 dated June 20, 1985.

6.205 RC85208/C4.4603.3(1)(b)/Emanuel Neumann, Executor of the Estate of Christiane Neumann/C85220 dated June 20, 1985.

6.206 RC85209/C4.4604.3(1)(b)/Wolfdieter Godehart/C85221 dated June 20, 1985.

6.207 RC85210/C4.4605.3(1)(b)/Rey Consulting Ltd./C85222 dated June 20, 1985.

6.208 RC85211/C4.4606.3(1)(b)/Wallace B. MacInnes/C85223 dated June 20, 1985.

6.209 RC85212/C4.4607.3(1)(b)/Bayne Oil & Gas Limited/C85224 dated June 20, 1985.

6.210 RC85213/C4.4608.3(1)(b)/Liftair International Ltd./C85225 dated June 20, 1985.

6.211 RC85214/C4.4609.3(1)(b)/San Dan Charolais Farms Ltd./C85226 dated June 20, 1985.

6.212 RC85215/C4.2116.3(1)(b)-2/ICG Resources Ltd./C85227 dated June 20, 1985.

6.213 RC85216/C4.4611.3(1)(b)/Triple P Resources Ltd./C85228 dated June 20, 1985.

6.214 RC85217/C4.4612.3(1)(b)/Hastings West Investment Ltd./C85229 dated June 20, 1985.

6.215 RC85218/C4.4613.3(1)(b)/International Land Corporation Ltd./C85230 dated June 20, 1985.

6.216 RC85219/C4.4614.3(1)(b)/Whistler Mountain Ski Corporation/C85231 dated June 20, 1985.

6.217 RC85220/C4.4615.3(1)(b)/Sonoma Oil & Gas Ltd./C85232 dated June 20, 1985.

6.218 RC85221/C4.4616.3(1)(b)/Zag Investments Ltd./C85233 dated June 20, 1985.

6.219 RC85222/C4.4617.3(1)(b)/Cuesta Resources Limited/C85234 dated June 20, 1985.

6.220 RC85223/C4.4618.3(1)(b)/Clarence A. Bauer/C85235 dated June 20, 1985.

6.221 RC85224/C4.4619.3(1)(b)/Donald W. Dewar/C85236 dated June 20, 1985.

6.222 RC85225/C4.4620.3(1)(b)/Canfor Limited/C85237 dated June 20, 1985.

SECTION 6B: Applications for declarations that certain provisions of the Gas Utilities Act and the Public Utilities Board Act do not apply in respect of the applicant. These applications were approved unless otherwise noted.

Data reported in order of registration number.

ITEM NUMBER **(REGISTRATION NUMBER/FILE NUMBER/APPLICANT/REFERENCE)**

There were no applications in this category before the Board in 1985.

SECTION 6C: Applications for a declaration that, the provisions of certain sections of the Public Utilities Board Act and certain sections of the Gas Utilities Act do not apply to any person, for the purposes of a certain transaction.

Data reported in order of registration number.

ITEM NUMBER **(REGISTRATION NUMBER/FILE NUMBER/APPLICANT/REFERENCE)**

6.223 RC85046/C4.4448.3(1)(c)/The Clarkson Company Limited, Trustee of the Estate of Petroleum Royalties Limited/C85047 dated January 31, 1985.

6.224 RC85079/C4.762.3(1)(c)/Coopers & Lybrand Limited, as Agent, pursuant to Section 177 of The Bank Act (Canada), for the Bank of Montreal/C85082 dated March 7, 1985.

6.225 RC85114/C4.4509.3(1)(c)/Devnic Resources Ltd. on behalf of Foshiem Petroleums Limited, Orphan Resources (A division of Werner Exploration Consultants Ltd.)/C85119 dated March 28, 1985.

6.226 RC85117/C4.4512.3(1)(c)/RPM Resources Ltd. on behalf of 140492 Canada Inc., 139913 Canada Inc., 140961 Canada Inc., 140455 Canada Inc., 140826 Canada Inc., 141100 Canada Inc., 139914 Canada Inc., Tanat Limited, RKK Holdings Inc., Val Investments Corp. and Old York Investments Inc./C85122 dated April 4, 1985.

6.227 RC85118/C4.4513.3(1)(c)/RPM Resources as Agent for 141356 Canada Inc./C85124 dated April 11, 1985.

6.228 RC85152/C4.4545.3(1)(c)/Content Petroleums Ltd. on behalf of its current shareholders/C85162 dated May 16, 1985.

6.229 RC85159/C4.4551.3(1)(c)/240915 Alberta Ltd. on behalf of the Limited Partners of the G & C (1980) Drilling Program/C85169 dated May 16, 1985.

6.230 RC85160/C4.4552.3(1)(c)/240962 Alberta Ltd. on behalf of the Limited Partners of the BN & G (1980) Drilling Program/C85170 dated May 16, 1985.

6.231 RC85175/C4.3319.3(1)(c)-2/Northland Bank/C85185 dated May 30, 1985.

6.232 RC85227/C3.554.70.1(1)(c)/Bow Valley Industries Ltd./C85238 dated July 17, 1985.

6.233 RC85230/C3.555.70.1(1)(c)/Norcen Energy Resources Limited/Ex parte Order C85241 dated August 29, 1985.

6.234 RC85231/C3.556.70.1(1)(c)/Gulf Canada Limited/Ex parte Order C85242 dated August 29, 1985.

6.235 RC85232/C3.557.70.1(1)(c)/Superior Propane Limited/Ex parte Order C85243 dated August 29, 1985.

6.236 RE85073/E3.504.70.1/Canadian Utilities Limited/Ex parte Order E85105 dated August 23, 1985.

SECTION 6D: Applications for approval to issue shares, stocks, or bonds payable in more than one year from the date of issue. These applications were approved unless otherwise noted.

Data reported in order of registration number.

ITEM NUMBER **(REGISTRATION NUMBER/FILE NUMBER/APPLICANT/REFERENCE)**

There were no applications in this category before the Board in 1985.

SECTION 6E: Applications for approval to sell, lease, mortgage, merge or consolidate property, franchises, privileges or rights. These applications were approved unless otherwise noted.

Data reported in order of registration number.

ITEM NUMBER **(REGISTRATION NUMBER/FILE NUMBER/APPLICANT/REFERENCE)**

There were no applications in this category before the Board in 1985.

SECTION 6F: Other Matters

Data reported in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

There were no applications in this category before the Board in 1985.

SECTION 7: MUNICIPALITIES

SECTION 7A: Applications under the Municipal Government Act, by municipalities for approval to enter into supply and special franchise agreements or renewals or alternations thereof with owners of utilities. Where agreements incorporate provisions whereby the municipality agrees to accept a percentage of the gross revenue of the franchise holder in lieu of taxing the special franchise and property of the holder used in the exercise of the franchise pursuant to the Municipal Taxation Act, the amount of such percentage is reflected.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/APPLICANT
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

7.01 (a) RE85007/E6.85.3/Town of Peace River
(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/Based on an escalating percentage of gross revenue.
(c) Approved/E85038 dated March 20, 1985.

7.02 (a) RE85013/E6.212.3/Village of Empress
(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/Based on an escalating percentage of gross revenue.
(c) Approved/E85039 dated March 20, 1985.

7.03 (a) RE85041/E6.51.3/Town of Fahler
(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of ten years and to renew a revenue tax agreement/Alberta Power Limited/Based on an escalating percentage of gross revenue.
(c) Approved/E85061 dated May 23, 1985.

7.04 (a) RC84676/E6.252.4/Village of Linden

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5%.

(c) Approved/C85048 dated January 31, 1985.

7.05 (a) RC84728/E6.229.4/Village of Grassy Lake

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5%.

(c) Approved/C85066 dated February 14, 1985.

7.06 (a) RC85229/E6.167.4/Village of Big Valley

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5%.

(c) Approved/C85247 dated October 16, 1985.

7.07 (a) RE84046/E6.103.4/Town of Stettler

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/ICG Utilities (Plains-Western) Ltd. (now ICG Utilities (Alberta) Ltd.)/at a rate of 6%.

(c) Approved/E85009 dated January 31, 1985.

7.08 (a) RE84048/E6.61.4/Town of Hanna

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.] (ICG)/at a rate of 3.1%.

(c) (1) A public hearing was held in the Town of Hanna Court House, after objections were received from three interested parties to the Town entering into a renewal of the natural gas supply and special franchise contract (the contract) with ICG.

(2) In Decision E85003, dated January 10, 1985, the Board approved the renewal of the natural gas supply contract and the conferring of a special gas franchise for a term of 10 years effective from the date of the Decision. The Board made the following findings.

(A) The Board recognized an imbalance with respect to the length of notice of intended construction required by the Town and Company and imposed as a condition of approval a clause in the contract to redress the imbalance.

(B) The Board was satisfied the Town had not acted in unknowing haste in its consideration with respect to the contract as alleged by the Intervenors.

(C) The Board considered objections raised by the Intervenors with respect to rates, land transactions of the Company etc., to be matters to be dealt with in the context of a general rate application of the Company.

(D) The Board determined that the current supply contract remained in force up to the appropriate consummation and signing of the proposed renewal contract as approved by the Board.

7.09 (a) RE84069/E6.323.4/Summer Village of Mewatha Beach

(b) For approval to enter into a natural gas supply contract and to confer a special franchise for a period not in excess of 20 years and to enter into a revenue tax agreement/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.] /3.1%.

(c) Approved/E85123 dated October 30, 1985.

7.10 (a) RE84084/E6.198.4/Summer Village of Crystal Springs

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(c) Approved/E85135 dated December 23, 1985.

7.11 (a) RE84087/E6.469-7.4/Municipal District of Westlock No. 92 (Picardville and Area)

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years/ICG Utilities (Plains-Western) Ltd. [now ICG Utilities (Alberta) Ltd.]

(c) Approved/E85122 dated October 30, 1985.

7.12 (a) RE85049/E6.459.4/Municipal District of Provost No. 52

(b) For approval to enter into a natural gas supply contract and special franchise for a period not in excess of 20 years/Natural Gas Co-op No. 52 Ltd.

(c) Withdrawn at the request of Applicant by letter dated November 27, 1985.

7.13 (a) RE84097/E6.257.4/Village of Mannville

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) Approved/E85042 dated July 10, 1985.

7.14 (a) RE85008/E6.240.4/Village of Hythe

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 8.7%.

(c) Approved/E85091 dated July 10, 1985.

7.15 (a) RE85010/E6.136.4/Town of Sexsmith

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.25%.

(c) Approved/E85089 dated July 10, 1985.

7.16 (a) RE85020/E6.117.4/Town of Vegreville

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 8.11%.

(c) Approved/E85043 dated July 10, 1985.

7.17 (a) RE85036/E6.26.4/Town of Beaverlodge

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 8.7%.

(c) Approved/E85090 dated July 10, 1985.

7.18 (a) RE85063/E6.7.4/City of Edmonton

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/Rate not to exceed 10%.

(c) Approved/E85093 dated July 10, 1985.

7.19 (a) RE85088/E6.109.4/Town of Swan Hills

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) Approved/E85134 dated December 23, 1985.

7.20 (a) RE84078/E6.471.4/Municipal District of Willow Creek No. 26

(b) For approval to enter into a natural gas supply contract and to confer a special franchise on Summerview Gas Co-op Ltd. (the Co-op) pursuant to Section 279 of the Municipal Government Act.

(c) Decision E85097 dated August 6, 1985 denied the application. It was the Board's view that recent legislative changes, such as the enactment of Section 281.1 of the Municipal Government Act and Alberta Regulation 263/82 had reduced the need of the Co-op to seek further protection of its franchise area approval through Board approval of a natural gas supply contract and special franchise agreement.

The Board further considered that the intention of the relevant legislation was that the chief officer of the Department of Utilities and Telecommunications shall determine franchise area approvals for rural gas utilities, following the criteria outlined in the Rural Gas Act and the Regulations. The Rural Gas Act is specific legislation dealing with franchise area approvals for these utilities. The Board therefore concluded that the provisions of Section 279 of the Municipal Government Act do not apply and were not available to the Applicant in the circumstances.

The Co-op acknowledged that it could not offer service to large industrial customers at competitive rates. The Board was of the view that, even if it had the jurisdiction to do so, the granting of an exclusive franchise to the Co-op would not be in the best interests of the M.D. since this might impede future industrial development in the area.

7.21 (a) RC84257/E6.68.3/Town of Irvine

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/TransAlta Utilities Corporation.

(c) Approved/C85076 dated February 28, 1985.

7.22 (a) RC85047/E6.288.3/Village of Sangudo

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/TransAlta Utilities Corporation.

(c) Approved/C85116 dated March 28, 1985.

7.23 (a) RC85090/E6.76.3/Town of Mayerthorpe

(b) For approval to renew an electric supply contract and to confer a special franchise for a period not in excess of 10 years/TransAlta Utilities Corporation.

(c) Approved/C85129 dated April 18, 1985.

7.24 (a) RC85228/E6.91.3/Town of Raymond

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/TransAlta Utilities Corporation.

(c) Approved/C85245 dated September 18, 1985.

7.25 (a) RE84090/E6.48.4/Town of Edson

(b) For approval to enter into a natural gas supply contract and to confer a special franchise for a period not in excess of 20 years and to enter into a revenue tax agreement/Yellowhead Gas Co-op Ltd. (the Gas Co-op)

(c) The Town of Edson (the Town) annexed certain lands on September 1, 1983. Prior to September 1, 1983 all residents of the Town received natural gas service from Northwestern Utilities Limited (NUL) under a contract which will expire August 31, 1986. Residents of the newly annexed area were receiving gas service from Yellowhead Gas Co-op Ltd. at September 1, 1983 and continue to do so.

Pursuant to Section 281.(2) of the Municipal Government Act (MG Act), the Town decided that the Gas Co-op may continue to supply natural gas to the annexed area.

NUL objected to the application and argued that the approval of such a franchise agreement would:

(1) contravene the exclusivity that had been granted to NUL;

(2) raise concern over the safety aspect of two distributors serving natural gas in a municipal area; and

(3) remove some of the residents from the protection of the Board as the Gas Co-op is not regulated by the Board.

Further, as the Gas Co-op is not subject to being taxed by the Town on its plant and property within the Town, the Board should not permit a revenue tax in lieu of those taxes.

The Board found that:

(1) the terms of NUL's franchise agreement did not automatically extend to new areas and inhabitants brought in by annexation;

(2) safety was not compromised in any way by the proposed Contract;

(3) the Town was fully aware of the regulatory extent of the Board's jurisdiction and the Board should not suggest impositions on those that choose not to be regulated by it.

The Department of Municipal Affairs indicated that the portion of the Gas Co-op system within the Town boundaries would be subject to assessment and taxation. The Board found as a result that the proposed revenue tax in the amount of 5.26% of gross revenues was proper.

In Order E85017 dated January 29, 1985, the Board approved the natural gas supply contract and special franchise to the Gas Co-op and approved the revenue tax agreement. The contract and agreement expire August 31, 1986.

SECTION 7B: Applications under the Municipal Government Act, by municipalities for approval to enter into contracts or renewals thereof, providing for the supply of light, power, natural gas, artificial gas or water to the municipality for the use of the municipal public utility.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

7.26 (a) RE85076/E6.43.4/Town of Daysland
(b) For approval to enter into a natural gas supply contract for a period not in excess of 20 years/Ankerton Gas Co-op Ltd.
(c) Approved/E85117 dated October 30, 1985.

7.27 (a) RE85087/E6.416.5/County of Parkland No. 31 (for the Hamlet of Poplar Ridge)
(b) For approval to enter into a water supply contract/Town of Drayton Valley.
(c) Approved/E85136 dated December 23, 1985.

7.28 (a) RE84068/E6.121.4/Town of Wainwright
(b) For approval to enter into a natural gas supply contract/Inter-Provincial Gas Company (1964) Limited.
(c) The initial natural gas supply contract was approved in Order E85127 dated November 4, 1985. A revised natural gas supply contract was approved in Order E85132 dated December 11, 1985.

7.29 (a) RE85069/E6.420.4/County of Smoky Lake No. 13
(b) For approval to enter into a gas supply (exchange) agreement with the Town of Smoky Lake.
(c) In process at year-end.

7.30 (a) RE85079/E6.98.4/Town of Smoky Lake
(b) For approval to enter into a gas supply (exchange) agreement with the County of Smoky Lake No. 13.
(c) In process at year-end.

7.31 (a) RE85025/E6.4.3/City of Calgary
(b) For approval to renew an electric power supply contract/ TransAlta Utilities Corporation.
(c) Approved/E85081 dated July 4, 1985.

SECTION 7C: Applications under the Improvement Districts Act by the Minister of Municipal Affairs for approval to enter into contracts with utilities undertaking to provide street lighting in a hamlet situated in an improvement district, or with utilities to supply light, power, gas, natural gas, water or a sewerage system to persons resident in the improvement district or in any specified part or parts thereof.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

There were no applications in this category before the Board in 1985.

SECTION 7D: Applications under the Municipal Government Act, by customers of municipally-owned utilities appealing rates, tolls or charges of a municipally-owned utility.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ MUNICIPALITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

7.32 (a) RE84100/E6.12.2/City of Red Deer
(b) Application by Harbob Developments Ltd. pursuant to Section 291 of the Municipal Government Act alleging improperly imposed secondary power hook up charges levied by the City of Red Deer.
(c) C85125 dated April 18, 1985 determined that the charge was not contrary to the City's rate structure nor did the Board find any discrimination. Therefore the Board dismissed the application without costs.

SECTION 7E: Applications by municipalities to the Board for approval or consent for actions other than those described in Sections 7A through 7D.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ MUNICIPALITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

There were no applications in this category before the Board in 1985.

SECTION 8: COMPLAINTS UNDER THE NOVA, AN ALBERTA CORPORATION ACT

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

There were no applications in this category before the Board in 1985.

SECTION 9: APPEALS UNDER THE NATURAL GAS PRICING AGREEMENT ACT

Data reported in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

9.01 (a) RE80195/E4.707.88-1, 88-2/Husky Oil Operations Ltd.

(b) Appeal re: Board Order E83061 re: fuel gas cost allocation.

(c) December 11, 1985 judgment of the Court of Appeal referred the matter back to the Board for clarification of its fuel cost allocation formula. In process at year-end.

9.02 (a) RC80256/E4.707.88-5/Husky Oil Operations Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated June 10, 1980 re: sulphur revenue appeal.

(c) In process at year-end.

9.03 (a) RC80415/E4.707.88-6/Husky Oil Operations Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated October 8, 1980 re: sulphur revenue appeal.

(c) In process at year-end.

9.04 (a) RE81024/E4.2052.88-1/ICG Exploration Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated January 23, 1981 re: transportation charges.

(c) In process at year-end.

9.05 (a) RE81116/E4.848.6-3/Saratoga Processing Company Limited

(b) For an Order of the Board fixing the rates, tolls and charges for the processing of gas in the Coleman Gas Plant, near Coleman, Alberta.

(c) In process at year-end.

9.06 (a) RE84062/E4.533.88-1/Canterra Energy Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission re: Determination 84-12 (Consolidated Natural Gas Limited).

(c) In process at year-end.

9.07 (a) RE84063/E4.533.88-2/Canterra Energy Ltd.

(b) Canterra's Appeal dated June 28, 1984 from Determination (84-13 CNG) by the Alberta Petroleum Marketing Commission (APMC) dated May 3, 1984 of the Alberta Cost of Service (ACOS) of Consolidated Natural Gas Limited (CNG).

(c) In its Decision C85026 dated March 4, 1985 the Board dismissed the Appeal.

The Board found that before producers are relieved from payment of the costs of financing Take or Pay payments made in any year, the producer must have done everything within his power to minimize the magnitude of Take or Pay obligations incurred by the original buyer in that year. This will suggest the following:

(1) The producers must not have been in receipt of any Take or Pay payments for the contract year or must have repaid any payments previously received and must have waived their right to further payments in respect of that contract year.

(2) The producers must have agreed to an equitable allocation of the market available to the original buyer in common with all other participating producers.

The Board pointed out that while Canterra had agreed to some reduction in CNG's minimum annual obligation (MAO) to take gas from Canterra without compensation by way of Take or Pay payments, it had not agreed to an overall reduction in CNG's obligation which would be equivalent to that reduction which had been accepted by the participants of the Topcon Program.

The Board, on the evidence before it, was not prepared to conclude that the position of Canterra was equivalent to that of the Topcon participants. On the contrary, Canterra occupied a position somewhat analogous to that occupied by those producers in Category A of the TransCanada Pipelines Limited multi-tiered classification. That is, gas produced under such contracts was not allocable and the original buyer was required to take delivery of all such gas as was produced. The ability of the original buyer to take gas from other producers was therefore correspondingly reduced.

By insisting on increased sales of natural gas the magnitude of payments required to be made under the Topcon Program had undoubtedly been increased and Canterra had thus contributed to the costs of the Topcon Program.

9.08 (a) RE84115/E4.302.88-1/Amoco Canada Petroleum Company Ltd.

(b) Amoco's Appeal dated November 29, 1984 from Determination 84-28 dated October 2, 1984 of the Alberta Petroleum Marketing Commission (APMC) which affirmed APMC Determination 84-18 (TCP) dated June 8, 1984.

(c) In its Decision E85049 dated April 19, 1985 the Board dismissed the Appeal.

The Board addressed the preliminary jurisdictional issue of whether APMC Determination 84-18 (TCP) which was affirmed by APMC Determination 84-28 was a determination or estimation of the Alberta Cost of Service (ACOS) from which an Appeal lies pursuant to Section 8 of the Natural Gas Pricing Agreement Act.

The Board found, inter alia, that an appellate jurisdiction can only be given by a competent legislature. In this instance, the Legislature has not seen fit to allow an aggrieved party to Appeal from a policy decision of the APMC but has limited the right of appeal to a monthly determination or estimation of the ACOS. That is not to say that a policy decision cannot be reviewed in the Appeal process, but it must be done within the context of a specific application in any given monthly determination of the ACOS.

9.09 (a) RC84273/E4.2134.88-1/Cabre Explorations Ltd. and Petromark Minerals Ltd.

(b) Cabre and Petromark's Appeal dated May 9, 1984 from Determination (84-05) by the Alberta Petroleum Marketing Commission (APMC) dated March 23, 1984 of the Alberta Cost of Service (ACOS) of TransCanada PipeLines Limited (TCPL).

(c) In its Decision E85032 dated March 1, 1985 the Board granted the Appeal.

The Board found that in deciding whether a Producer should

be relieved from the costs of financing Take or Pay payments made in any contract year, the APMC should be guided by a general consideration of fairness and equity, in the circumstances, and as well the APMC should be satisfied that the producer has done everything within his power to minimize the magnitude of Take or Pay obligations incurred by the original buyer in that contract year. This latter consideration will in general suggest the following guidelines that should also be observed by the APMC.

(1) The contract must have been amended by the producer and TCPL so that the contract is allocated a share of TCPL's annual market in accordance with the Topgas Programs.

(2) The Producer must not have been in receipt of any Take or Pay payments for the contract year or must have repaid any such payments previously received and must have waived his right to any such payments in respect of that contract year.

The Board referred the matter back to the APMC with directions to:

(A) make a new determination for the month of November, 1983 and in so doing to exclude Take or Pay financing costs from the Alberta Cost of Service for TCPL insofar as Cabre and Petromark are concerned.

(B) make new determinations for the months subsequent to November, 1983. In so doing and in deciding whether or not to include or exclude Take or Pay financing costs from the ACOS for TCPL in respect of Cabre and Petromark in any given month subsequent to November, 1983, the APMC shall take into consideration the guiding principles of the multi-tiered ACOS for TCPL as found by the Board, as well as all other relevant circumstances and considerations.

9.10 (a) RC84469/C4.1275.88-1/Signalta Resources Ltd.

(b) Signalta's Appeal dated July 10, 1984 from Determination (84-15) by the Alberta Petroleum Marketing Commission (APMC) dated May 18, 1984 of the Alberta Cost of Service (ACOS) of TransCanada Pipelines Limited (TCPL).

(c) In its Decision E85033 dated March 4, 1985 the Board dismissed the Appeal.

The Board found that in deciding whether a Producer should be relieved from the costs of financing Take or Pay payments made in any contract year, the APMC should be guided by a general consideration of fairness and equity, in the circumstances, and as well the APMC should be satisfied that the producer has done everything within his power to minimize the magnitude of Take or Pay obligations incurred by the original buyer in that contract year. This latter consideration will in general suggest the following guidelines that should also be observed by the APMC.

(1) The contract must have been amended by the producer and TCPL so that the contract is allocated a share of TCPL's annual market in accordance with the Topgas Programs.

(2) The Producer must not have been in receipt of any Take or Pay payments for the contract year or must have repaid any such payments previously received and must have waived his right to any such payments in respect of that contract year.

By establishing additional reserves under its contract and thereby increasing its minimum annual obligation to deliver gas, the Board considered that Signalta had received an economic benefit proportionately greater than other contracts subject to allocation that had not grown in a proportionate fashion.

The Board considered that it was as a direct result of Signalta's action under the terms of its contract that Signalta found itself in a position of which it then complained. The effect of the action taken by Signalta under its contract with TCPL was to contribute to the Take or Pay burden.

9.11 (a) RE85048/E4.302.88-2/Amoco Canada Petroleum Company Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission re: Determination of the Alberta Cost of Service for TransCanada PipeLines Limited for the month of December, 1984

(c) Adjourned sine die at the request of the Appellant and the Intervenor.

SECTION 10: MILK PRICING

Data reported in order of registration number.

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE

10.01 (a) RE83107/E8.4.11-6 (P.D.)/Palm Dairies Limited, Northern Alberta Dairy Pool Limited and Alpha Milk Company

(b) For an Order to increase the minimum wholesale and minimum retail prices of fluid milk and fluid milk products.

(c) On February 15, 1984, counsel for Palm Dairies Limited, Northern Alberta Dairy Pool Limited and Alpha Milk Company (the Applicants) requested a delay in the hearing of the application and on March 15, 1984 the Board granted the request to delay the hearing pending further advice. On July 4, 1985 the Applicants filed supplementary material updated to include actual results to December 31, 1984 and submitted forecast financial data in respect of 1985 in support of a request for a 3 cent a litre increase in the minimum wholesale price.

A pre-hearing conference was held in Edmonton on August 14, 1985 and the main hearing was convened on September 26 and adjourned sine die on October 1, 1985. The hearing of the Application reconvened on December 19, 1985 to further examine the impact of certain fraudulent activities, during the years 1980 to 1982, on the minimum price of fluid milk set by the Board in its Decision No. E82200 dated August 22, 1982.

In process at year-end.

10.02 (a) RE84103/E8.4.11-9/Palm Dairies Limited

(b) For approval of a reduction in the price of U.H.T. 250 mL whipping cream.

(c) In process at year-end.

10.03 (a) RE85006/E8.4.11-10 (W.R.)/Canadian Federation of Independent Grocers, Woodward Stores, The Calgary Co-operative Association, Horne & Pitfield Foods Ltd., Alberta Grocers Wholesale Ltd, Associated Grocers Wholesale Ltd. and Western Grocers Division of Westfair Foods Limited

(b) For approval of an increase in the minimum retail prices of fluid milk and milk products.

(c) In process at year-end.

10.04 (a) RE85021/E8.4.4-5/Milk Producers per Department of Agriculture, Production Economics Branch

(b) The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to increase the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1¢ per litre, effective March 1, 1985, consequent upon an increase in the producer price formula.

(c) Approved/Ex parte E85034 dated February 25, 1985.

10.05 (a) RE85032/E8.4.11-11 (P.D.)/Northern Alberta Dairy Pool Ltd.

(b) To prescribe the minimum wholesale and the minimum retail prices for 2% partly skimmed milk in 500 mL size containers.

(c) The Dairy Control Board approved, through Alberta Order-in-Council 185/85 dated March 20, 1985 the sale by processors, distributors and sellers of 2% partly skimmed milk in 500 mL size containers.

The Board approved the minimum wholesale and minimum retail prices as proposed by Northern Alberta Dairy Pool Ltd. The reasonableness of these prices would be reviewed at the hearing of the General Rate Application dated November 25, 1983, as submitted by Palm Dairies Limited, Northern Alberta Dairy Pool and Alpha Milk Company when it came before the Board. Approved/E85048 dated April 15, 1985.

10.06 (a) RE85072/E8.4.4-6/Milk Producers per Department of Agriculture, Production Economics Branch

(b) The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to increase the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1¢ per litre, effective September 16, 1985, consequent upon an increase in the producer price formula.

(c) Approved/Ex parte E85109 dated September 6, 1985.

SECTION 11: OTHER MATTERS

Data reported in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

11.01 (a) RE84016/E3.16.89-2 (Costs)/City of Edmonton (Edmonton Power)

(b) For approval of a change in the price at which Edmonton Power shall sell electric energy to the Alberta Electric Energy Marketing Agency (EEMA).

(c) (1) E85008 dated January 21, 1985 determined and fixed the amount of Intervenors' Costs to be paid by Edmonton Power.

(2) The Board was satisfied that the amended costs claimed by the City of Calgary, the City of Red Deer, the Alberta Union of Rural Electrification Associations, and the Alberta Association of Municipal Districts and Counties were reasonable and in accordance with the principles of the Board as set out in its cost guidelines.

(3) In line with the other Intervenors' costs, the Board considered that $5,411.78 was reasonable for the intervention of the Industrial Power Consumers Association of Alberta.

(4) The Board denied Mr. W. Arsene's claim for costs as it considered that Mr. Arsene's intervention did not assist the Board in its consideration of the issues in this Application.

(5) Edmonton Power stated that it had not included rate hearing costs in its forecast of expenses in either this EEMA Price Application nor the one dated December 31, 1982. Although the Board considered it appropriate for the costs approved in this Order to be included in the 1985 revenue requirement, the Board denied Edmonton Power's request for the recovery of the 1983 hearing costs. That matter was considered to be closed for regulatory purposes.

11.02 (a) RE84047/E7.89.3-1/Rocky Gas Co-op Ltd.

(b) For an Order requiring Northwestern Utilities Limited to compensate Rocky Gas Co-op Ltd. (Rocky Gas) for the value of that part of the Rocky Gas system found within those parts of its franchise area which had become annexed to the Town of Rocky Mountain House and for compensation for the potential loss of its customers.

(c) The Board, after reviewing the provisions of the Rural Gas Act and Regulations thereunder along with provisions of the Municipal Government Act, determined that the franchise area approval originally granted to Rocky Gas in 1978, remained intact and had not been amended in any manner contemplated by the Rural Gas Act. The Board further found that the 1983 amendment to the Municipal Government Act (Section 281.1) did not operate retrospectively so as to cover the circumstances arising from annexations which occurred prior to the amendment. In view of the fact that its franchise area, along with the exclusive right to serve customers, had not been removed, the Board refused the Application of Rocky Gas for compensation/E85045 dated April 4, 1985.

11.03 (a) RE85015/E3.16.89-2 R.V./City of Edmonton (Edmonton Power)

(b) For an Order that the Board proceed to hear evidence and argument as to why the Board should proceed to review Decision E84142, which said Decision had set the price at which Edmonton Power would sell electric energy to the Electric Energy Marketing Agency on and after January 1, 1984.

(c) (1) The Board upon hearing argument from Counsel for the Applicant and from Counsel representing Intervenors, determined in Decision E85058 dated May 16, 1985 that a review of Decision E84142 should be granted. It was the direction of the Board that the review cover the issue as to whether any part of the Rossdale Generating Plant should be removed from the rate base. On the basis of this situation the Board did not consider that the introduction of new evidence was necessary.

(2) Decision E85142 dated December 20, 1985 varied that portion of Decision E84142 which disallowed 50% of the capacity of the Rossdale Generating Plant from the 1984 Upstream Rate Base.

Since Unit 5 was neither in service nor on the AIS stacking order, the Board considered that it was not used or required to be used to provide service to Alberta electric consumers. The Board removed the cost of this unit from the Upstream Rate Base.

The Board noted that Units 2, 3 and 4 were not in service but they were on the AIS stacking order. The Board did not consider it appropriate to exclude the cost of these units from the Upstream Rate Base at this time.

11.04 (a) RE85018/E3.16.3-1/City of Edmonton (Edmonton Power)

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which The City of Edmonton (Edmonton Power) shall sell electric energy to the Electric Energy Marketing Agency during 1985.

(c) Approved/E85031 dated February 21, 1985.

11.05 (a) RE85035/E7.86.2/Prairie River Gas Co-op Ltd.

(b) Application by Trevor Walker pursuant to Section 37(1)(b) of the Rural Gas Act alleging improperly imposed charges.

(c) The Applicant was advised in a letter dated May 16, 1985 that the Courts were the appropriate forum to resolve this dispute, as it involved an interpretation of the contract entered into with the Prairie River Gas Co-op Ltd.

11.06 (a) RE85084/E3.16.3-2/City of Edmonton (Edmonton Power)

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which The City of Edmonton (Edmonton Power) shall sell electric energy to the Electric Energy Marketing Agency during 1986.

(c) Approved/E85121 dated October 25, 1985.

SECTION 12: ENERGY RESOURCES CONSERVATION BOARD APPLICATIONS

(Applications to which a Member of the Board was Assigned as an Acting Member of the E.R.C.B.)

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE

There were no applications in this category before the Board in 1985.

SECTION 13: GAS UTILITIES BOARD APPLICATIONS

(Applications to which a Member of the Board was Assigned as a Member of the G.U.B.)

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE

There were no applications in this category before the Board in 1985.

LEGISLATIVE AUTHORITIES

Alberta Statutes which explicitly govern the Public Utilities Board are listed alphabetically.

1. Administrative Procedures Act, RSA 1980, Ch.A-2
2. The AGT - Edmonton Telephones Act, SA 1972, Ch.99
3. Alberta Government Telephones Act, RSA 1980, Ch.A-23
4. Alberta Resources Railway Corporation Act, RSA 1980, Ch.A-36
5. Central Western Railway Corporation Act, SA 1984, Ch.71
6. City Transportation Act, RSA 1980, Ch.C-10
7. Clean Air Act, RSA 1980, Ch.C-12
8. Clean Water Act, RSA 1980, Ch.C-13
9. County Act, RSA 1980, Ch.C-27
10. Crowsnest Pass Municipal Unification Act, RSA 1980, Ch.C-39
11. Dairy Board Act, RSA 1980, Ch.D-1
12. Department of the Environment Act, RSA 1980, Ch.D-19
13. Electric Energy Marketing Act, SA 1981, Ch.E-4.1
14. Electrical Power and Pipe Line Assessment Act, RSA 1980, Ch.E-5
15. Energy Resources Conservation Act, RSA 1980, Ch.E-11
16. Gas Utilities Act, RSA 1980, Ch.G-4
17. Hydro and Electric Energy Act, RSA 1980, Ch.H-13
18. Improvement Districts Act, RSA 1980, Ch.I-1
19. Municipal Government Act, RSA 1980, Ch.M-26
20. Municipal Taxation Act, RSA 1980, Ch.M-31
21. Natural Gas Price Administration Act, RSA 1980, Ch.N-3
22. Natural Gas Pricing Agreement Act, RSA 1980, Ch.N-4
23. Natural Gas Rebates Act, RSA 1980, Ch.N-5
24. NOVA, AN ALBERTA CORPORATION Act, RSA 1980, Ch.N-12
25. Oil and Gas Conservation Act, RSA 1980, Ch.O-5
26. Petroleum Marketing Act, RSA 1980, Ch.P-5
27. Public Utilities Board Act, RSA 1980, Ch.P-37
28. Railway Act, RSA 1980, Ch.R-4
29. Regional Municipal Services Act, SA 1981, Ch.R-9.1
30. Rural Electrification Long Term Financing Act, RSA 1980, Ch.R-17
31. Rural Electrification Revolving Fund Act, RSA 1980, Ch.R-18
32. Rural Gas Act, RSA 1980, Ch.R-19
33. Water, Gas, Electric and Telephone Companies Act, RSA 1980, Ch.W-4
34. Water Resources Act, RSA 1980, Ch.W-5

APPENDIX 3

SUMMARY OF CHANGES IN CUSTOMER RATES

Reflected hereunder is a summary of "average" residential utility bills since 1970.

Calculations are based upon an assumed annual usage of 6000 kWh for electricity, 227 GJ (215 Mcf or 2150 Therms) for gas. A typical residential rate was selected in each case and applied to 1/12 of the total annual consumption. These calculations in respect to electric and gas utilities include the franchise tax but exclude the income tax rebate.

1. **TELECOMMUNICATIONS UTILITIES**

(a) Alberta Government Telephones

(1) City of Calgary Residential and Business Local Exchange Rate

DECISION/ ORDER NO.	RATES EFFECTIVE	EXCHANGE MONTHLY BILL RESIDENTIAL	EXCHANGE MONTHLY BILL BUSINESS	PERCENTAGE INCREASE (RESIDENTIAL) OVER 1970	PERCENTAGE INCREASE (RESIDENTIAL) OVER PREVIOUS	PERCENTAGE INCREASE (BUSINESS) OVER 1970	PERCENTAGE INCREASE (BUSINESS) OVER PREVIOUS
	1970	$4.25	$11.00	—	—	—	—
	1971	$4.25	$11.00	—	—	—	—
	1972	$4.25	$11.00	—	—	—	—
	1974	$4.25	$11.00	—	—	—	—
E75151	Dec 1/75	$5.10	$13.20	20.00%	20.00%	20.00%	20.00%
E76091	Sep 1/76	$5.60	$14.50	31.76%	9.80%	31.82%	9.85%
E77148	Aug 1/77	$6.10	$15.90	43.53%	8.93%	44.55%	9.66%
Filing 79-28	Sep 1/79	$6.60	$17.15	55.29%	8.20%	55.91%	7.86%
E82103	Apr 1/82	$7.30	$19.75	71.76%	10.61%	79.55%	15.16%
E83060	Apr 1/83	$7.75	$20.95	82.35%	6.16%	90.45%	6.08%
E84083[1]	Jul 1/84	$9.75	$24.95	129.41%	25.81%	126.82%	19.09%
E85046	Aug 28/85	$9.28	$23.74	118.35%	(4.82%)	115.82%	(4.85%)

[1] Interim rates.

(2) Calgary to Edmonton Station to Station 5 Minute Message Toll Call

DECISION/ ORDER NO.	RATES EFFECTIVE	TOLL CHARGE RESIDENTIAL AND BUSINESS	PERCENTAGE INCREASE RESIDENTIAL AND BUSINESS OVER 1970	PERCENTAGE INCREASE RESIDENTIAL AND BUSINESS OVER PREVIOUS
	1970	$1.82	—	—
	1971	$1.82	—	—
	1972	$1.82	—	—
	1973	$1.82	—	—
	1974	$1.82	—	—
E75151	Dec 1/75	$2.20	20.88%	20.88%
E76091	Sep 1/76	$2.41	32.42%	9.55%
E77148	Aug 1/77	$2.48	36.26%	2.90%
E82103	Apr 1/82	$2.85	56.59%	14.92%
E83060	Apr 1/83	$3.05	67.58%	7.02%
E84083[1]	Jul 1/84	$3.10	70.33%	1.64%
E85046	Aug 28/85	$2.94	61.54%	(5.16%)

[1] Interim rates.

2. **ELECTRIC UTILITIES**

(a) Alberta Power Limited (Grande Prairie)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	OVER PREVIOUS
	1970	$12.10	—	—
	1971	$12.10	—	—
	1972	$12.10	—	—
	1973	$12.10	—	—
30761	Jun 1/74	$14.25	17.77%	17.77%
E75076	Aug 1/75	$17.33	43.22%	21.61%
E75163	Jan 1/76	$18.70	54.55%	7.91%
E76036	May 1/76	$19.91	64.55%	6.47%
E77116	Aug 1/77	$24.77	104.75%	24.41%
E79170	Jan 1/80	$27.53	127.52%	11.14%
E80231	Jan 1/81	$32.29	166.86%	17.29%
E81179	Oct 1/81	$37.51	210.00%	16.17%
E82007	Feb 1/82	$49.12	305.95%	30.95%
E82110	Apr 1/82	$45.89	279.26%	(6.58%)
E82211	Sep 1/82	$33.69	178.43%	(26.59%)
Filing 83-1	Feb 2/83	$32.56	169.09%	(3.35%)
Filing 83-5	Nov 1/83	$35.12	190.25%	7.86%
Filing 84-2	Jan 1/84	$36.75	203.72%	4.64%
Filing 84-1	Feb 1/84	$36.86	204.63%	0.30%
Filing 85-1	Feb 1/85	$36.60	202.48%	(0.71%)
E85092	Jul 1/85	$35.04	189.59%	(4.25%)
Filing 85-3 & 85-4	Aug 1/85	$36.00	197.52%	(2.74%)

The Filings reflect adjustments to the rate rider reflecting the monies received from the Electric Energy Marketing Agency, and to the rate rider for Municipal Taxes.

(b) TransAlta Utilities Corporation
(Rate 150 - Standard, changed to Rate 160 - Standard effective Oct 1/83)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	OVER PREVIOUS
	1970	$ 9.00	—	—
	1971	$ 9.00	—	—
	1972	$ 9.00	—	—
	1973	$ 9.00	—	—
30513	Apr 1/73	$10.70	18.89%	18.89%
30656	Apr 1/74	$11.26	25.11%	5.23%
30923	Oct 1/74	$11.38	26.44%	1.06%
30886	Jan 1/75	$13.23	47.00%	16.26%
C75174	Jan 1/76	$15.05	67.22%	13.76%
E76089	Jul 1/76	$16.40	82.22%	8.97%
E76138	Jan 1/77	$18.61	106.77%	13.48%
E78105	Feb 1/78	$21.76	141.78%	15.99%
E79037	Mar 1/79	$23.59	162.11%	8.41%
E80009	Feb 1/80	$25.09	178.78%	6.36%
E81174	Oct 1/81	$29.00	222.22%	15.58%
E82203	Aug 1/82	$29.60	228.89%	2.07%
E83001	Jan 1/83	$34.04	278.22%	15.00%
C83440	Sep 1/83	$34.89	287.66%	2.50%
E83150	Oct 1/83	$39.21	335.67%	12.37%
E84067	May 1/84	$38.25	325.00%	(2.50%)
E85006	Feb 1/85	$40.88	354.22%	6.88%
E85006	Jun 1/85	$38.93[1]	332.56%	(5.00%)[1]

[1] Reflects expiry of 5% rider.

3. NATURAL GAS UTILITIES

(a) Canadian Western Natural Gas Company Limited (Calgary)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.54	—	—
	1971	$ 9.54	—	—
	1972	$ 9.54	—	—
	1973	$ 9.54	—	—
30917	Aug 1/74	$11.49	20.44%	20.44%
C75203	Jul 1/75	$14.29	49.79%	24.37%
C75313	Sep 1/75	$17.87	87.32%	25.05%
C76089	Jul 1/76	$19.54	104.82%	9.35%
E76143	Jan 1/77	$20.55	115.41%	5.17%
E77060	Apr 1/77	$23.16	142.77%	12.70%
E77120	Aug 1/77	$23.85	150.00%	2.98%
E78028	Mar 1/78	$24.60	157.86%	3.14%
E78103	Aug 1/78	$27.90	192.45%	13.41%
E80018	Feb 1/80	$28.69	200.73%	2.83%
E80I36	Oct 1/80	$38.75	306.18%	35.06%
E80391[1]	Nov 1/80	$43.98	361.00%	13.50%
E81053	May 1/81	$46.80	390.53%	6.40%
E81107	Jul 1/81	$50.88	433.31%	8.91%
E81208	Nov 1/81	$49.11	414.73%	(3.09%)
E81249	Jan 1/82	$51.97	444.76%	5.82%
E82017	Feb 1/82	$60.21	531.13%	15.86%
E82193	Aug 1/82	$63.76	568.34%	5.90%
E82204	Sep 1/82	$73.14	666.66%	14.71%
E82204	Jan 1/83	$71.80	652.62%	(1.83%)
E83026	Feb 1/83	$71.03	644.55%	(1.07%)
E83085[2]	Jul 1/83	$65.56	587.21%	(7.70%)
E83086	Aug 1/83	$62.22	552.20%	(5.09%)
E83140	Nov 1/83	$66.44	596.44%	6.78%
E84047	Mar 1/84	$64.57	576.83%	(2.81%)
E85023	Feb 1/85	$66.17	593.61%	2.48%
C85189	Jun 1/85	$62.63	556.50%	(5.35%)
C85248	Nov 1/85	$67.42	606.71%	5.96%

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985 when the charge was removed.

[2] Decision No. E83085 dated August 2, 1983 approved a refund for the period September 1, 1982 to June 30, 1983 by means of an excess revenue rider, applied on consumption from July 1, 1983 through November 30, 1983, inclusive. Decision No. E83140 dated November 1, 1983 approved a change in the method of refund to more closely reflect actual consumption for the period in which the excess revenues were charged. If the refund were to be reflected in the applicable period, the above average monthly bills would have been reduced by approximately $1.30 per month for the period September 1, 1982 to June 30, 1983.

(b) Northwestern Utilities Limited (Edmonton)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.09	—	—
	1971	$ 9.09	—	—
	1972	$ 9.09	—	—
30948	Nov 1/74	$10.14	11.55%	5.96%
E75048	Jun 1/75	$10.98	20.79%	8.28%
E75063	Jul 1/75	$11.40	25.41%	3.83%
E75148	Oct 1/75	$13.51	48.62%	18.51%
E76043	May 1/76	$18.55	104.07%	37.31%
E76144	Jan 1/77	$21.86	140.48%	17.86%
E77074	May 1/77	$24.65	171.18%	12.76%
E77119	Jul 1/77	$26.27	189.00%	6.57%
E78024	Mar 1/78	$27.00	197.03%	2.77%
E80019	Feb 1/80	$27.74	205.17%	2.74%
E80105	Aug 1/80	$32.10	253.14%	15.71%
E80130	Oct 1/80	$40.94	350.39%	27.54%
E80166[1]	Nov 6/80	$46.82	415.04%	14.36%
E81009	Feb 1/81	$44.97	394.76%	(3.95%)
E81054	May 5/81	$47.93	427.28%	6.58%
E81102	Jul 1/81	$52.75	480.31%	10.06%
E81209	Nov 1/81	$50.56	456.22%	(4.15%)
E81250	Jan 1/82	$50.76	458.42%	0.40%
E82019	Feb 1/82	$59.39	553.36%	17.00%
E82169	Aug 1/82	$62.94	592.41%	5.98%
E82201[2]	Sep 1/82	$68.34	651.82%	8.58%
E83025[2]	Feb 1/83	$66.47	631.24%	(2.74%)
E83117	Aug 1/83	$61.62	577.89%	(7.30%)
E84014	Jan 31/84	$61.98	581.85%	0.58%
E84048	Mar 1/84	$60.95	570.52%	(1.66%)
E84141	Nov 1/84	$65.80	623.87%	7.96%
E85024	Feb 1/85	$67.15	638.72%	2.05%
E85071	Jun 1/85	$63.74	601.21%	(5.08%)

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985 when the charge was removed.

[2] Decision No. E83126 dated September 28, 1983 approved a refund for the period September 1982 to July 1983, amounting to approximately $23.00 for the average residential customer, to be credited on the October 1983 billings. This refund is not reflected in the above effective rates and average monthly bills. If the refund were to be reflected in the applicable periods, the above average monthly bills would have been reduced by approximately $4.00 per month for the period September 1982 to December 1982 and by approximately $1.00 per month for the period January 1983 to July 1983.

APPENDIX 3

(c) ICG Utilities (Alberta) Ltd. [formerly ICG Utilities (Plains-Western) Ltd.]
Leduc Division

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.63	—	—
	1971	$ 9.63	—	—
	1972	$ 9.63	—	—
	1973	$ 9.63	—	—
30931	Oct 1/74	$11.77	22.22%	22.22%
E75071	Jul 17/75	$16.24	68.64%	37.98%
C75333	Sep 15/75	$18.04	87.33%	11.08%
E76009	Feb 1/76	$19.75	105.09%	9.48%
E76025	May 1/76	$20.33	111.11%	2.94%
E76087	Jul 1/76	$20.55	113.40%	1.08%
E77067	May 1/77	$28.63	197.30%	39.32%
E77090	Jun 1/77	$29.37	204.98%	2.58%
E77142	Sep 1/77	$30.75	219.31%	4.70%
E78026	Mar 1/78	$27.75	188.16%	(8.93%)
E78147	Nov 1/78	$30.53	217.03%	10.02%
E79068	Jun 1/79	$35.53	268.95%	16.53%
E80029	Mar 1/80	$36.38	277.78%	2.39%
E80145	Sep 1/80	$40.13	316.72%	10.31%
E80197[1]	Nov 1/80	$45.90	376.64%	14.38%
E81093	May 1/81	$48.80	406.75%	6.32%
E81112	Jun 1/81	$50.96	429.18%	5.42%
E81210	Oct 1/81	$50.00	419.21%	(1.88%)
E82043	Feb 1/82	$57.71	499.27%	15.42%
E82127	May 1/82	$61.83	542.06%	7.14%
E82199	Aug 1/82	$64.93	574.25%	5.01%
E83055	Feb 1/83	$64.34	568.12%	(.91%)
E83064	Apr 1/83	$67.79	603.95%	5.36%
E83115	Aug 1/83	$64.84	573.31%	(4.35%)
E83151	Dec 1/83	$66.52	590.76%	2.59%
E84021	Mar 1/84	$65.71	582.35%	(1.22%)
E84097	Jul 1/84	$68.31	609.35%	3.97%
E84130	Oct 1/84	$66.03	585.67%	(3.34%)
E85005	Jan 1/85	$67.32	599.07%	1.95%
E85133	Jun 1/85	$64.61	570.92%	(4.03%)
E85145	Jan 1/86	$67.07	596.47%	3.81%

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985, when the charge was removed.

SUMMARY OF INCREASES IN MILK PRICES

PRICES EFFECTIVE ON	MINIMUM PRODUCER	MINIMUM RETAIL (2% MILK)	2% MILK PERCENTAGE INCREASE OVER JULY 15, 1970	OVER PREVIOUS
Jul 15/70	$ 6.25 per cwt.	$0.28 per qt.	—	—
Sep 1/71	6.25 per cwt.	0.29 per qt.	3.57%	3.57%
Jan 1/73	6.85 per cwt.	0.31 per qt.	10.71%	6.90%
Sep 15/73	8.80 per cwt.	0.36 per qt.	28.57%	16.13%
Oct 15/73	8.80 per cwt.	0.33 per qt.	17.86%[1]	(8.33%)[1]
Apr 15/74	10.31 per cwt.	0.37 per qt.	32.14%	12.12%
Nov 1/74	11.07 per cwt.	0.41 per qt.	46.43%	10.81%
Dec 1/74	11.45 per cwt.	0.44 per qt.	57.14%	7.32%
Jan 20/75	(Processor Price Change Only)	0.46 per qt.	64.29%	4.55%
Jun 1/75	11.83 per cwt.	0.49 per qt.	75.00%	6.52%
Sep 1/75	(Processor Price Change Only)	0.50 per qt.	78.57%	2.04%
Dec 1/75	12.21 per cwt.	0.51 per qt.	82.14%	2.00%
Apr 1/76	12.59 per cwt.	0.52 per qt.	85.71%	1.96%
Jan 1/77	12.97 per cwt.	0.53 per qt.	89.29%	1.92%
Feb 1/77	12.97 per cwt.	0.49 per litre	98.89%[2]	5.07%[2]
Jan 1/78	13.40 per cwt.	0.50 per litre	102.95%	2.04%
Oct 2/78	(Processor Price Change Only)	0.51 per litre	107.01%	2.00%
Feb 1/79	13.83 per cwt.	0.52 per litre	111.06%	1.96%
May 1/79	14.26 per cwt.	0.53 per litre	115.12%	1.92%
Jul 1/79	(Processor Price Change Only)	0.54 per litre	119.18%	1.89%
Aug 1/79	33.37 per hL	0.55 per litre	123.24%	1.85%
Oct 1/79	34.47 per hL	0.56 per litre	127.30%	1.82%
Jan 1/80	35.37 per hL	0.57 per litre	131.36%	1.79%
May 1/80	36.37 per hL	0.58 per litre	135.42%	1.75%
Jul 1/80	38.33 per hL	0.60 per litre	143.54%	3.45%
Aug 1/80	39.31 per hL	0.63 per litre[3]	155.71%	5.00%
Oct 1/80	40.29 per hL	0.64 per litre	159.77%	1.59%
Dec 1/80	41.27 per hL	0.65 per litre	163.83%	1.56%
Mar 1/81	42.25 per hL	0.66 per litre	167.90%	1.54%
May 11/81	(Processor Price Change Only)	0.67 per litre	171.96%	1.52%
Jul 1/81	43.23 per hL	0.68 per litre	176.02%	1.49%
Jul 13/81	(Processor Price Change Only)	0.70 per litre	184.13%	2.94%
Mar 1/82	44.21 per hL	0.71 per litre	188.18%	1.43%
Jul 1/82	45.19 per hL	0.72 per litre	192.24%	1.41%
Sep 1/82	(Processor Price Change Only)	0.77 per litre	212.54%	6.94%
Feb 1/83	46.17 per hL	0.78 per litre	216.60%	1.30%
Sep 1/83	47.15 per hL	0.79 per litre	220.66%	1.28%
Apr 1/84	48.13 per hL	0.80 per litre	224.71%	1.27%
Jul 1/84	49.11 per hL	0.81 per litre	228.77%	1.25%
Mar 1/85	50.09 per hL	0.82 per litre	232.83%	1.23%
Sep 16/85	51.07 per hL	0.83 per litre	236.89%	1.22%

Commencing August 1, 1979 for minimum producer prices, and February 1, 1977 for minimum retail prices the amounts in this table are reported in metric measure. Conversion factors are:

1 cwt. (hundredweight) = .44049 hL (hectolitre)
1 qt. (quart) = 1.1365 litres

Notes: [1] Decrease due to temporary Federal Government subsidy.

[2] The percentage increases have been calculated taking into account the change in measurement from quarts to litres.

[3] Processor and Producer price change.

APPENDIX 5

SUMMARY OF NATURAL GAS REBATE CERTIFICATES ISSUED DURING 1985

TYPE OF APPLICANT	FINAL CERTIFICATES[1] ISSUED SUPPLY[2]	RATES[3]
(a) Canadian Western Natural Gas Company Limited, Northwestern Utilities Limited and ICG Utilities (Alberta) Ltd.	4	4
(b) Smaller Gas Utilities	6	6
(c) Natural Gas Co-operatives	—	—
(d) Eligible Consumers	5	—
Total Number of Certificates Issued	15	10

Notes:

[1] The Supply and Rates Certificates enable the applicants to receive natural gas rebates under the Natural Gas Price Protection Plan which requires that the benefit of the whole of the rebate is passed on in the rates charged to the eligible consumers.

[2] A Supply Certificate certifies that the gas supply contract concerned and all other purchase contracts pertaining to the same marketable gas and the respective prices of gas under those contracts are deemed by the Board to be just and reasonable for the purposes of the Natural Gas Rebates Act and the Regulations.

[3] A Rates Certificate certifies that the rates or prices proposed to be charged to the eligible consumers in the event that the rebate is paid are deemed by the Board to be just and reasonable for the purposes of the Natural Gas Rebates Act and the Regulations.

LITIGATION PROCEEDINGS

Appeals of Board Orders and Decisions to The Alberta Court of Appeal

ITEM ORDER NUMBER(S)
(a) FILE NUMBER AND APPELLANT
(b) RESPONDENTS OTHER THAN THE BOARD
(c) SUBJECT MATTER
(d) STATUS

1.01 E85004
(a) E3.5.89-45 (Appeal)-1/Alberta Power Limited
(b) City of Lloydminster, City of Grande Prairie, Town of Peace River, Town of Slave Lake, Town of Vegreville, City of Calgary, Alberta Union of Rural Electrification Associations, Alberta Association of Municipal Districts and Counties, Alberta Electric Energy Marketing Agency, Amoco Canada Petroleum Company Ltd., TransAlta Utilities Corporation, Edmonton Power, Industrial Power Consumers Association of Alberta, City of Lethbridge and Board of Governors of Lakeland College
(c) Challenged the Board's authority to fix just and reasonable rates, tolls or charges under Section 83(2) of the Public Utilities Board Act and Section 13.1 of the Electric Energy Marketing Act.
(d) Application for Leave to Appeal adjourned sine die February 15, 1985.

1.02 E85012
(a) E3.5.89-45 (Appeal)-2/Alberta Power Limited
(b) City of Lloydminster, City of Grande Prairie, Town of Peace River, Town of Slave Lake, Town of Vegreville, City of Calgary, Alberta Union of Rural Electrification Associations, Alberta Association of Municipal Districts and Counties, Alberta Electric Energy Marketing Agency, Amoco Canada Petroleum Company Ltd., TransAlta Utilities Corporation, Edmonton Power, Industrial Power Consumers Association of Alberta, City of Lethbridge and Board of Governors of Lakeland College
(c) Challenged the Board's jurisdiction to set an Alberta Power Limited price to the Electric Energy Marketing Agency for 1984.
(d) Application for Leave to Appeal adjourned sine die February 15, 1985.

1.03
(a) E4.7.24(1)(g)-4 (Appeal)/Canadian Western Natural Gas Company Limited
(b) Nil
(c) Questioned the Board's jurisdiction to order that the gain on sale of fixed assets accrue to the customers of Canadian Western Natural Gas Company Limited.
(d) Application for Leave to Appeal adjourned sine die January 29, 1985.

1.04 C85026
(a) E4.533.88-2 (Appeal)/Canterra Energy Ltd.
(b) Nil
(c) Leave to Appeal was granted on May 29, 1985 on the issue of whether the Board erred by not establishing a separate category in the Consolidated Natural Gas Limited Alberta Cost of Service so that Canterra Energy Ltd. would not be required to bear any portion of the interest costs incurred in respect of the TOPCON Program.
(d) This matter had not been heard by the Court of Appeal at year-end.

1.05 E85015
(a) E3.5.3-1 (Appeal)/City of Calgary
(b) Alberta Power Limited
(c) Challenged the Board's decisions on the grounds that the Board failed to hold a hearing prior to making its decision and failed to comply with Section 7 of the Administrative Procedures Act.
(d) Application for Leave to Appeal adjourned sine die April 15, 1985.

1.06
(a) E3.3.3-9/City of Edmonton
(b) Alberta Government Telephones
(c) Statement of Claim by the City of Edmonton for a declaration that sections of the Public Utilities Board Act and the AGT-'edmonton telephones' Act are ultra vires and inoperative and for an injunction restraining the Board from hearing the application of Alberta Government Telephones dated November 13, 1984.
(d) This matter was not completed at year-end.

1.07 E84142
(a) E3.26.89-2 (Appeal)/City of Edmonton
(b) Nil
(c) Challenged the Board's removal from the rate base of Edmonton Power the sum of $15,195,000 in respect of the Rossdale Generating Plant as well as challenged the Board's jurisdiction to set a pricing formula pursuant to Section 13.1 of the Electric Energy Marketing Act.
(d) Application for Leave to Appeal adjourned sine die January 18, 1985.

1.08 E81004
(a) E3.4.89-1A-2 (Costs)(Appeal)/City of Edmonton
(b) Nil
(c) Leave to Appeal granted on the interpretation to be placed on Section 60 of the Public Utilities Board Act and Section 80(2) of the Municipal Government Act.
(d) The Court of Appeal issued its decision in this matter on January 14, 1985. The Court referred Order No. E81004 back to the Board and found that the Board could not withhold an award of costs solely on the basis that the solicitor representing the City was a salaried employee of the City. At year-end this matter was not completed.

1.09 E80104
(a) E3.4.89-IA-1 (Costs)(Appeal)/Consumers' Association of Canada (Alberta) and the City of Edmonton
(b) Nil
(c) Challenged the principles followed by the Board in awarding costs to the CAC and the City of Edmonton. Alleged the Board failed to comply with the Administrative Procedures Act.
(d) The Court of Appeal issued its decision in this matter on January 14, 1985. Order No. E80104 was set aside and referred back to the Board for redetermination in conformity with the requirements of Section 7 of the Administrative Procedures Act. At year-end, this matter was not completed.

APPENDIX 6

1.110 E84120
(a) E3.4.2/Mr. Peter Haskins
(b) Alberta Government Telephones
(c) Challenged the Board's decision to not change the existing practices, conditions, rates, tolls and charges for services tendered by Alberta Government Telephones to its deaf subscribers in Alberta.
(d) Notice of Abandonment of Appeal filed March 6, 1985.

1.11 E83061
(a) E4.707.88-1,-2 (Appeal)/Husky Oil Operations Ltd.
(b) Nil
(c) Leave to Appeal granted on the issues of whether the Board, having regard to the statutory duty to determine the cost of processing the Savanna Creek Producers' gas, acted judicially, and whether the Board could reach the decision it did on the evidence before it; and whether the Board failed to determine an appropriate formula or method of allocating the cost of fuel gas of Westcoast Transmission Company Limited.
(d) On December 11, 1985, the Court of Appeal referred this matter back to the Board for clarification of the fuel cost allocation formula. At year-end this matter was not completed.

1.12 E85028
(a) E4.14.35-45-1 (Appeal)/Northwestern Utilities Limited
(b) City of Edmonton, City of Red Deer, Bralorne Resources Ltd., Building Products of Canada Limited, Canadian Natural Resources Limited, Celanese Canada Inc., Dow Chemical Canada Inc., Esso Chemical Canada, Esso Petroleum Canada, Gulf Canada Products Company, Shell Canada Limited and Sherritt Gordon Mines Limited
(c) Challenged the Board's decision to deny Northwestern Utilities Limited's application on the basis that such a refusal results in a denial of natural justice.
(d) Application for Leave to Appeal adjourned sine die March 18, 1985.

1.13 E85028
(a) E4.14.35-45-2/Public Utilities Board
(b) City of Edmonton, City of Red Deer, Bralorne Resources Ltd., Building Products of Canada Limited, Canadian Natural Resources Limited, Celanese Canada Inc., Dow Chemical Canada Inc., Esso Chemical Canada, Esso Petroleum Canada, Gulf Canada Products Company, Shell Canada Limited, Sherritt Gordon Mines Limited and Northwestern Utilities Limited
(c) On November 25, 1985 the Court of Appeal heard a Special Case which was referred to the Court by the Board. The Board requested the Court's assistance in determining the circumstances of when a reasonable apprehension of bias is raised and what the appropriate remedy would be if an apprehension of bias were found to exist.
(d) The Court delivered a Memorandum of Judgment from the bench and found that private dealings between an individual board member and a witness should not be permitted to occur while the evidence of the witness is under deliberation. Members so found to be under a reasonable apprehension of bias should disqualify themselves from the panel hearing the evidence. This matter was not completed at year-end.

1.14 E85033
(a) E4.1275.88-1 (Appeal)/Signalta Resources Limited
(b) Nil
(c) Challenged the Board's decision to not include Signalta's Gas Purchase Contract in subcategory D_1D_2 of the Alberta Cost of Service.
(d) Application for Leave to Appeal was granted July 11, 1985. This matter had not been heard by the Court of Appeal at year-end.

1.15 E84116 E84140 E84114
(a) E3.6.87(1)(9)-5, E3.6.89-11, E3.6.89-12/TransAlta Utilities Corporation
(b) Nil
(c) Challenged the Board's interpretation of "revenue" in Section 83 of the Public Utilities Board Act and questioned the Board's decision to issue a price order where regulations governing the new legislation were not yet in effect.
(d) The three appeals were heard jointly by the Court of Appeal on December 5, 1985. No decision of the Court had been rendered by December 31, 1985.